

Memphis-Shelby County Schools

Corrective Action Plan and Management Responses

Forensic Audit of Memphis-Shelby County Schools — Report Released June 30, 2026

Submitted to the Tennessee Comptroller of the Treasury pursuant to the letter of August 4, 2026

Filed jointly upon adoption by the Shelby County Board of Education and the Superintendent of Schools. Each observation and recommendation is addressed individually, stating the corrective action, the responsible individual or position, the anticipated timeline, and, where the District disagrees, the basis for that disagreement. Corrective actions are governed by the Corrective Action Plan adopted by the Shelby County Board of Education, with monthly and quarterly public reporting checkpoints.

How this document is organized

Responses are presented by volume, in the order of the audit report. Within each volume, each observation is stated first with the District's response to it, followed immediately by the recommendation arising from that observation and the District's response to the recommendation, so that an observation and its remedy are read together. Observations that are not tied to a specific recommendation are presented at the end of the volume in which they appear.

Two conventions, both consistent with the Comptroller's letter. Where a corrective action is already complete or the control described already operates, the item states the effective or completion date as a fact and carries no anticipated completion date, there being nothing further to anticipate. Where the District disagrees with an observation, the basis for the disagreement is stated and no corrective action or timeline applies; the letter of August 4, 2026 invites a reasoned disagreement as a complete response.

Note on quoted audit text: The observations and recommendations reproduced in this document are drawn from the released audit report and are provided for the reader's convenience so that each District response can be read against the matter it addresses. Minor artifacts introduced in reproduction have been removed and no substantive change has been made. The audit report as released by the Comptroller of the Treasury governs in every case.

Note on responsible party designations: Following the September 15, 2026 announcement of Crystal R. Oliver's appointment as Director of Human Resources for Shelby County Government, Kevin Potts, Director of Strategic Staffing, serves as the responsible person for all action items, deliverables and timelines attributed to Ms. Oliver in this plan. References to Ms. Oliver should be read as references to Mr. Potts.

VOLUME I — SCOPE OF THIS SUBMISSION. Volume I of the audit report comprises the Internal Controls Assessment and the IT Cybersecurity Risk Assessment. This submission contains the District's responses to the unredacted observations of the Internal Controls Assessment only. Responses to the redacted observations and to the IT Cybersecurity Risk Assessment were reviewed with Information Technology and are submitted separately through a secure transmission mechanism; they are not included in this document.

Anticipated completion dates at a glance

Every item in this submission, grouped by the date by which the District anticipates completing the corrective action. Items shown as completed carry no anticipated date because the action is already complete or the control already operates; items shown as reasoned disagreements carry none because no corrective action applies.

Anticipated completion	Items	Item numbers
October 9, 2026	16	IC-1, R-13, R-19, R-34, R-36, R-37, R-48, R-49, R-54, R-92, R-93, TC-1, TC-2, TC-3, TC-4, WH-9
October 15, 2026	1	R-74
December 18, 2026	33	IC-18, IC-33, IC-34, IC-35, IC-36, IC-40, IC-88, IC-90, IC-91, IC-92, IC-93, IC-94, IC-96, R-5, R-112, R-22, R-29, R-45, R-47, R-55, R-56, R-57, R-66, R-71, R-75, R-114, R-120, R-124, R-125, R-126, WH-7, WH-8, WH-10
March 12, 2027	77	IC-2, IC-13, IC-14, IC-15, IC-16, IC-17, IC-19, IC-20, IC-21, IC-23, IC-24, IC-25, IC-27, IC-41, IC-49, IC-50, IC-51, IC-66, IC-67, IC-78, R-11, R-15, R-16, R-17, R-18, R-20, R-21, R-23, R-24, R-25, R-26, R-27, R-28, R-31, R-35, R-38, R-39, R-40, R-43, R-51, R-52, R-58, R-61, R-72, R-73, R-76, R-77, R-78, R-80, R-81, R-84, R-88, R-91, R-97, R-98, R-99, R-115, R-117, R-118, R-119, R-121, R-122, R-123, R-129, R-130, R-131, R-132, R-133, TC-5, TC-6, TC-7, WH-3, WH-4, WH-5, WH-12, IC-69, IC-72
May 20, 2027	23	IC-22, IC-47, IC-48, IC-65, IC-79, IC-83, IC-84, IC-86, IC-87, R-41, R-42, R-46, R-59, R-60, R-62, R-64, R-65, R-68, R-94, R-95, R-96, R-100, R-105
June 30, 2027	38	IC-6, IC-7, IC-8, IC-9, IC-10, IC-11, IC-12, IC-26, IC-42, IC-43, IC-45, IC-76, IC-77, IC-81, IC-82, IC-85, R-2, R-3, R-4, R-6, R-7, R-8, R-9, R-10, R-12, R-50, R-82, R-85, R-89, R-102, R-103, R-104, R-106, R-107, R-109, WH-2, WH-6, R-79
July 31, 2027	7	IC-52, IC-53, IC-54, IC-56, IC-57, IC-58, R-30
December 31, 2027	3	IC-55, IC-63, IC-64
February 29, 2028	1	IC-3
March 31, 2029	1	R-63
Completed — no anticipated date	33	IC-4, IC-31, IC-32, IC-38, IC-73, IC-74, IC-75, IC-89, IC-95, IC-97, IC-98, R-1, R-14, R-32, R-33, R-44, R-53, R-67, R-69, R-70, R-86, R-90, R-101, R-116, R-127, R-128, WH-1, WH-11, IC-68, IC-70, IC-71, R-83, R-87
Reasoned disagreement — no corrective action	13	IC-5, IC-28, IC-29, IC-30, IC-37, IC-39, IC-44, IC-46, IC-80, R-108, R-110, R-111, R-113

Volume I — Internal Controls Assessment and IT Cybersecurity Risk Assessment

Responses to the unredacted observations of the Internal Controls Assessment. Observations 59, 60, 61 and 62 are redacted in the publicly released report, and the IT Cybersecurity Risk Assessment is withheld from public release in its entirety; the District's responses to the redacted observations and to the cybersecurity observations were reviewed with Information Technology and are submitted separately through a secure transmission mechanism. They are not contained in this document. Each observation below is followed by the District's response.

Governance

Observation 1 — Ethics and Fraud Hotline Processing · Report p. 7

Observation: CLA noted the following: • While a small number of submissions are investigated directly by Internal Audit, the majority are forwarded to HR/Employee Relations, school-level leadership, or other administrative offices. Upon referral, Internal Audit closes the item in Lighthouse and does not confirm an investigation occurred or if the matter was subsequently or adequately resolved. • Supporting documentation related to Ethics and Fraud Reporting processing is not retained within Lighthouse. • Documentation, either in Lighthouse or retained by the applicable processing departments, is consistently inadequate for a reasonable person to determine what was performed for submission resolution or closure. • Formally documented procedures do not exist to standardize processing expectations in a decentralized processing environment, including investigation requirements, decisioning, retention, and reporting. • Reporting of Ethics and Fraud Reporting activity to the board or an appropriate committee thereof does not exist. Due to the lack of centralized oversight, allegations can remain uninvestigated, be handled inconsistently across the district, or reach closure without any documented justification. This undermines the integrity, transparency, and reliability of the Ethics and Fraud Reporting process and exposes the district to operational, reputational, and legal risk.

Recommendation: CLA recommends the following: • Governance and ownership of the district's Ethics and Fraud Reporting hotline responsibilities should be formally defined to verify every submission, whether investigated internally or referred to another office, is fully researched, documented, and if any actions are warranted for resolution. • Records related to Ethics and Fraud Reporting processing and investigation should be centrally retained in the secure and role-based access system of record, Lighthouse. • All submissions should be reviewed and signed off on by a secondary individual in Internal Audit/owning department, for quality assurance. • Formally develop and document standardized procedures for Ethics and Fraud Reporting processing, including referrals, assessment of allegations and investigation requirements, decisioning, as well as records and documentation requirements to close issues. • Report Ethics and Fraud Reporting activity to the board or an appropriate committee on a quarterly basis.

Position	Partially Agree
Corrective action	Internal Audit operates a triage and referral model for Lighthouse (hotline) submissions: closure of a submission in Lighthouse records completion of intake and referral, not resolution of the underlying matter. Investigation documentation prepared by Internal Audit is retained on a secure shared drive with access restricted to Internal Audit staff; where a submission is referred to another department, that department retains its own records of disposition. Formal policies and procedures governing intake, triage, referral, documentation and closure have been drafted and will be adopted. Internal Audit will implement a centralized follow-up process to track referred matters to disposition. The District does not agree that substantiated fraud investigations go unreported: substantiated matters are reported to the Superintendent and to the Board, and Internal Audit will evaluate periodic aggregate reporting of hotline activity. Additionally, Internal Audit will implement quality control procedures for Lighthouse submissions by requiring the Executive Director and Manager of Internal Audit to review and approve each submission before it is closed.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	October 9, 2026

Observation 2 — Conflicts of Interest · Report p. 8

Observation: CLA noted the following related to conflicts of interest: A) Conflict of interest disclosures and attestations were not requested from the Board or obtained from key employees during our scope period (FY '22-25). B) For the FY '26 conflict of interest disclosure and attestation request, a population of key employees was not determined before sending out the request. C) In addition, data capture was not received in a way that would allow data to be leveraged by necessary departments to assess the severity of any reported conflicts (e.g., HR, procurement). D) Formally documented monitoring, escalation, and mitigation plans do not exist for identified conflicts. E) Conflict of Interest Policy (4003) listed revision date on BoardDocs was more than 10 years ago (2013). If the district does not require employees, particularly those in decision-making or sensitive roles, to complete periodic conflict of interest disclosures and attestations, there is a heightened risk that actual, potential, or perceived conflicts of interest will go unidentified and unmanaged.

Recommendation: CLA recommends the following related to conflicts of interest: A) Complete an annual conflict of interest disclosure and attestation for all key employees, including Board members. Attestations should include, but are not limited to, financial ownership/investments, family relationships, related business interests, fiduciary responsibilities, anything of value received from vendors in the previous 12 months, and family relationships with vendors. B) For conflict of interest disclosure and attestation requests, verify the requested individuals align with the definition of a key employee for the district for data collection purposes. C) Have data capture be received in a way allowing information to be assessed and leveraged by necessary departments to assess the severity of any reported conflicts (e.g., HR, procurement).

Position	Agree
Corrective action	Board Policy 4003, Conflict of Interest, was amended on December 2, 2025. Under the amended policy, senior-level employees annually complete and file a Conflict of Interest Disclosure Statement with Internal Audit, and provide

	written disclosure to Internal Audit whenever a conflict of interest arises between the filing of statements. All other District employees, including school-level employees, provide disclosure as soon as the employee identifies that a conflict of interest may exist and, whenever possible, before engaging in the activity. Board Members complete an annual conflict-of-interest disclosure and attestation, with the Office of General Counsel maintaining the disclosure record and coordinating collection with the Board Office through the Annual Financial Disclosure Master Calendar. The District will confirm that the disclosure and attestation instruments capture the elements the recommendation identifies — financial ownership and investments, family relationships, related business interests, fiduciary responsibilities, and anything of value received from a vendor in the previous twelve months — and that the responses are captured so the information can be assessed and leveraged by the departments that need it, including Human Resources and Procurement. Vendor screening against related-party data is carried under the Board Corrective Action Plan. The District notes that the amended policy applies to senior-level employees rather than to a defined class of “key employees”
Responsible	William Fulton, Executive Director of Internal Audit (employee disclosures), with Yolanda Timberlake, Manager of Executive Services (Board Member disclosures) and the Office of General Counsel (policy)
Anticipated completion	March 12, 2027

Observation 3 — IT Governance · Report p. 9

Observation: CLA noted periodic user access reviews for IT systems and applications are not performed. Lack of periodic access reviews increases the risk that former employees or individuals with inappropriate access levels may retain access to systems and applications. This can lead to unauthorized access, data breaches, and potential misuse of system capabilities.

Recommendation: CLA recommends a periodic user access review be performed (annually at a minimum) for system and application users to verify access is accurate and appropriate. Systems and applications identified include, but are not limited to, Active Directory, APECS, FIS Global, Contract Advantage, Teammate, and Lighthouse.

Position	Agree
Corrective action	Information Technology will annually review user access for all applications used in the District, including Active Directory, APECS, FIS Global, Contract Advantage, Teammate and Lighthouse, to verify that access is accurate and appropriate, with the review documented and exceptions remediated.
Responsible	Lajanesse Johnson, Analyst — Cyber Security, Information Technology — under Rodney “Adam” Young, Executive Director of IT Operations (IT Officer post vacant)
Anticipated completion	February 29, 2028

Observation 4 — Policy Review and Currency · Report p. 9

Observation: CLA noted the following: • MSCS maintains policies on their BoardDocs webpage and leverages a tracker for biennial review of their approximately 215 policies. Per review of the policies on BoardDocs, 102 policies have not had their revised date updated within the past 10 years (47%) with an average revision period of all policies being in September 2017.

Recommendation: CLA recommends the following: • Update the revision date to incorporate the most recent Board approval date.

Position	Agree
Corrective action	Policy revision dates reflect the date the Board approves revisions to each policy. A review of the policy manual is conducted at minimum biennially. In alignment with CLA's recommendation, a “Last Review Date” field has been incorporated into all policies.
Responsible	Maria Stewart, Governmental Affairs and Compliance Manager (Office of General Counsel)
Anticipated completion	Completed — no anticipated completion date

Observation 5 — Procurement Policy · Report p. 10

Observation: CLA noted the following: • Procurement policy is currently embedded within a document titled “Procurement Services Manual.” Out of the approximate 215 policies published on BoardDocs, there is no actual Procurement Policy which governs topics such as requirements for requisitions and bidding. The manual includes language regarding repercussions for violation of the stated policy, demonstrating the intent to function as a formal District policy. • The Procurement Services Manual, which is posted on the MSCS District website, was last revised on 12/1/2023. The manual contains the name and contact information for a Director who is no longer with the school district. Lack of a board-approved Procurement Policy with clearly assigned ownership, and periodic revision of the policy, exposes the district to compliance, financial, operational, and reputational risks. Without a formally adopted policy governing requisitions, bidding thresholds, competitive processes, and procurement authority, the district cannot verify consistent, legally compliant purchasing practices.

Recommendation: CLA recommends the following: • MSCS develop and implement a formal, board-approved Procurement Policy that clearly defines requisition requirements, bidding thresholds, competitive procurement procedures, approval authorities, and staff responsibilities. • The district separate policy from procedural guidance by maintaining the Procurement Services Manual as an operational document aligned to the new policy, updated periodically to reflect current organizational structure, remove outdated contact information, and verify alignment with board-

approved policy language. • Training should be provided and available to all procurement and school-based staff once revisions are adopted for consistent application across the district.

Position	Disagree
Corrective action	DISAGREE — the premise is contested. CLA states there is no actual Procurement Policy among the approximately 215 policies published on BoardDocs. The District's position is that Board Policy 2006, Purchasing Authority, governs this subject, and that Policy 2006 itself references the Purchasing Manual for additional procedures — so the relationship CLA recommends (a board-approved policy separate from, and referencing, procedural guidance in a manual) already exists.
Responsible	Governmental Affairs and Compliance Manager, with General Counsel — Maria Stewart, Governmental Affairs and Compliance Manager
Anticipated completion	Not applicable — reasoned disagreement

Observation 6 — Board Member Travel and Expense · Report p. 11

Observation: CLA noted schedules for the retention and disposal of records for various departments were not catalogued in a District Records Retention and Disposal Plan. The absence of a centralized, catalogued Records Retention and Disposal Plan across MSCS departments exposes the district to compliance, legal, and operational risks. In addition, the Forensics team noted the following related to record retention in their report: • Bank statements: instances of incomplete or missing supporting documentation. These deficiencies did not prevent or impede payment, and the expenses reviewed generally appeared to represent legitimate District business activities. In certain instances, transactions did not include all required physical supporting documentation in accordance with District policy; however, the transactions were approved within the APECS system. These matters do not indicate waste or abuse but rather reflect noncompliance with internal documentation requirements and constitute an internal control deficiency. • P-cards and check requests: instances of incomplete or missing supporting documentation which did not prevent or impede payment. However, based on the analysis and testing performed, the expenses reviewed appeared to reflect legitimate District business activities. In some cases, transactions did not include all required physical supporting documentation as required by District policy; however, the transactions were approved within the APECS system. These instances do not indicate waste or abuse but reflect noncompliance with internal documentation requirements, representing an internal control failure. • Travel reimbursements: instances of incomplete or missing supporting documentation which did not prevent or impede payment. However, based on the analysis and testing performed, the expenses reviewed appeared to reflect legitimate District business activities. In some cases, transactions did not include all required physical supporting documentation as required by District policy; however, the transactions were approved within the APECS system. These instances do not indicate waste or abuse but reflect noncompliance with internal documentation requirements, representing an internal control failure (see Record Retention Policy and Payment observations in the table below).

Recommendation: CLA recommends alignment with Policy 3012 and the office of the General Counsel provide oversight for each department to develop a records retention and disposal schedule to govern the records under their purview. Management of the schedule shall be the responsibility of the office of the General Counsel.

Position	Agree
Corrective action	The condition is addressed by the actions committed under R-1, R-10, R-107, R-108 and R-109, which establish the written travel justification requirement for all District travel regardless of funding source (Policy 2020, p. 4, §B1), the federal-award necessity statement, enforcement of itemized receipt and documentation requirements, pre-payment review of reimbursement support, and policy-compliance verification before payment. The Board Office applies these requirements to Board Member travel, and Board Member professional development expenses additionally require prior authorization from the Board Chair under Policy 0016. On records retention, the Office of General Counsel provides oversight for each department to develop a records retention and disposal schedule governing the records under its purview, and the Office of General Counsel is responsible for management of the schedule, in alignment with Board Policy 3012.
Responsible	Yolanda Timberlake, Manager of Executive Services (Board Member travel and expense), with Justin Bailey, General Counsel (records retention and disposal schedule)
Anticipated completion	June 30, 2027

Observation 7 — User Access Change Management · Report p. 12

Observation: CLA noted formal change management for user access is not in place to include: • An approved request (ticket/work order). • Documented business justification. • Evidence of review/authorization (business owner and IT). • Testing/validation (including segregation of duties impacts). • Implementation date/time and implementer. • Post-change verification and retention of evidence. Lack of formal user access change management increases the risk that inappropriate, excessive, or unauthorized access is granted or retained, which can lead to unauthorized transactions or changes to data, fraud, data loss, regulatory noncompliance, and unreliable financial/operational reporting due to insufficient traceability and monitoring of account changes.

Recommendation: CLA recommends Management implement formally documented user access change management, including the following: • Require ticketed requests with business justification and system/data-owner approval before provisioning • Enforce role-based access (least privilege) with defined criteria; restrict ad hoc exceptions and document approvals for any deviations. • Maintain segregation of duties between request/approval and implementation; log who requested/approved/provisioned and when. • Update user access for new, terminated, and department transfers promptly upon role change or termination (with defined SLAs). • Perform periodic access recertifications and remediate exceptions.

Position	Agree
Corrective action	The District will implement formally documented user access change management in four sequential phases, the first two of which deliver the request and authorization controls this recommendation seeks. Phase 1 — Documented processes (by June 30, 2027). Information Technology will document and place in service a formal process for requesting new user access, a formal process for department transfers, and a documented process for terminated employees. Each requires a ticketed request with business justification, evidence of review and authorization by the system or data owner and by Information Technology, a record of who requested, approved and provisioned the change and when, and post-change verification with the evidence retained. Segregation of duties between request, approval and implementation is maintained within the ticketing record. Access removal on separation operates through the district-wide offboarding workflow committed by Human Resources at IC-22, which requires every leader with direct reports to complete and sign their portion. Phase 2 — Access audit and departmental validation (by June 30, 2028). Information Technology will audit the existing user groups and roles across District systems, meet with each department to confirm that the access its staff require is correctly represented before any change is made, and then migrate users to the corrected role-based structure with least-privilege criteria and documented approval for any deviation. Periodic access recertification follows, operating within the annual review of user access for all District applications committed at IC-3 and the APECS user, group and role review at IC-8. The two phases are sequential because changing user assignments before the departmental validation is complete would risk interrupting instruction and business operations; the documented request and authorization controls in Phase 1 therefore take effect first and govern every access change made while Phase 2 proceeds.
Responsible	Rodney “Adam” Young, Executive Director of IT Operations, with David Crawford, Analyst — Cyber Security, Information Technology
Anticipated completion	June 30, 2027

Observation 8 — APECS User Group Management/Administration · Report p. 13

Observation: *CLA noted the following related to user groups in APECS, the core processing system for the district: 279 user groups; 33 groups with no users; 85 groups with one user; 7 groups with employee names in the group's title; 37 read only groups, with two of those having update capability; 13 admin user accounts with update/overwrite access. Excessive and redundant roles assigned to employees across groups, suggesting role sprawl and access accumulation: 1 user with 50 groups; 8 users with more than 40 groups; 19 users with more than 30 groups; 38 users with more than 20 groups. Lack of formal user access change management increases the risk that inappropriate, excessive, or unauthorized access is granted or retained, which can lead to unauthorized transactions or changes to data, fraud, data loss, regulatory noncompliance, and unreliable financial/operational reporting due to insufficient traceability and monitoring of account changes.*

Recommendation: *CLA recommends management perform the following: Implement formally documented governance and policy for role and group management across systems. Standardize how groups and roles across systems are designed, approved, assigned, monitored, and retired across all systems for least-privilege, segregation of duties, and accountability. Each group has a designated business owner responsible for approving access, validating role appropriateness, and participating in periodic reviews of both group access and user access. Each group is designed to provide only the minimum access required to perform job duties. Elevated, override, or administrative access is restricted to defined roles and separately approved. Maintain segregation of duties between request/approval and implementation; log who requested/approved/provisioned and when. Update user access for new, terminated, and department transfers promptly upon role change or termination (with defined SLAs). Perform periodic access recertifications and remediate exceptions.*

Position	Agree
Corrective action	Information Technology will review the current users, groups and roles in the APECS system and identify access that can be removed; the APECS user review forms part of the user access control being developed at IC-7. In addition, the District will implement documented governance and policy for role and group management across systems, standardizing how groups and roles are designed, approved, assigned, monitored and retired so that least privilege, segregation of duties and accountability are applied consistently. Each group will carry a designated business owner who is responsible for approving access to that group, validating that the role remains appropriate, and participating in the periodic reviews of group and user access conducted under the annual review at IC-3.
Responsible	Ian Jones, IT Programmer Advisor — under Rodney “Adam” Young, Executive Director of IT Operations (IT Officer post vacant)
Anticipated completion	June 30, 2027

Observation 9 — Journal Entry Segregation of Duties · Report p. 14

Observation: *CLA noted the following for journal entry segregation of duties: • 12 user groups with access to both create and approve journal entries • 62 unique employees across groups, with 20 having access to do both. • Six admin users with update or override access Lack of journal appropriately segregated journal entries could result in individuals recording and approving unauthorized or inappropriate entries, increasing the likelihood of fraud or error and resulting in misstated financial statements.*

Recommendation: *CLA recommends management design and implement role-based segregation of duties over journal entry processing so no individual can initiate/prepare, approve, and post the same journal entry.*

Position	Agree
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Corrective action	The District will design and implement role-based segregation of duties over journal entry processing so that no individual can prepare, approve and post the same entry. Information Technology will review the twelve user groups that currently carry both create and approve access in APECS, together with the six administrative accounts holding update or override access, and will separate those permissions into distinct roles; where an individual requires both for operational reasons, the exception will be documented and approved and a compensating review performed. This work is carried within the APECS user, group and role review committed at IC-8 and the annual review of user access for all District applications at IC-3. Accounting and Reporting's existing journal entry control remains in force: an entry is not approved unless debits and credits agree, supporting documentation totals match the face of the entry, a summary appears in the description field, a detailed purpose and justification appears in the notes, and each line carries a description, with review and approval evidenced before posting (R-2).
Responsible	Leslie Knighten, Controller, Accounting and Reporting, with Rodney "Adam" Young, Executive Director of IT Operations (APECS user groups and roles)
Anticipated completion	June 30, 2027

Observation 10 — HR and Pay SOD · Report p. 15

Observation: *CLA noted the following related to HR access with information provided for creating and modifying employee information and timecard entry and approval, two roles that should have segregation of duties implemented between them: Create/Modify Employees - 83 users across 4 user groups (46 users in HR related departments; 21 users across eight other departments (Payroll, Business Operations, Finance, T, Warehouse, Nutrition Services, Risk Management, Substitutes)); 6 admin user IDs with update or override access; 9 users not in Active Directory (4) or no contact info in AD (5); 1 user with read only access to a group titled with their name. CLA also noted the head of HR had update capabilities, which is not access typically necessary for the head of an HR department. Timecard Entry/Approval Access - CLA was provided a listing of three groups with access: Cost Center: 568 users; Payroll Preparer: 696 users (545 with access overlapping between two groups); Payroll Preparer Approval Override: 0 users. Within the groups, CLA noted eight admin users across groups with update access, and two individuals with old profiles that were still active.*

Recommendation: *CLA recommends management restrict HRIS employee data maintenance authority to HR, as the system and data owner. Any non-HR access to enter or update employee information should be limited to defined data elements, approved by HR, supported by workflow controls, and subject to periodic access review. Compensation, employment status, and job classification changes should be exclusive to HR authorized roles. In addition, CLA recommends management implement and enforce segregation of duties across the HR/payroll lifecycle so no individual has access to both create/modify employee master data and process or approval payroll payments, by separating authorization, processing/recording, custody of funds, and independent review/reconciliation responsibilities.*

Position	Agree
Corrective action	Information Technology will review the current users, groups, and roles in the APECS system and identify access that can be removed or modified; Information Technology will work with the appropriate departments to create the separation of duties; the APECS user review will be part of the user access control being developed to govern access.
Responsible	Ian Jones, IT Programmer Advisor — under Rodney "Adam" Young, Executive Director of IT Operations (IT Officer post vacant)
Anticipated completion	June 30, 2027

Observation 11 — Vendor Management SOD · Report p. 16

Observation: *CLA noted there were nine individuals with the ability to create/modify a vendor, create a requisition for a vendor to have a PO generated, and approve the requisition for payment. In addition, there were four admin accounts with the same access capabilities. Inadequate segregation of duties increases the risk unauthorized or fictitious vendors and improper purchases could be created and approved without independent review, resulting in possible fraudulent or duplicate payments and/or misappropriation of funds.*

Recommendation: *CLA recommends management implement and enforce role-based segregation of duties (SoD) across the vendor to payment process so that no individual (and no administrative account) can create/modify vendor master data, initiate purchasing transactions, and approve those transactions for payment.*

Position	Agree
Corrective action	The District will implement and enforce role-based segregation of duties across the vendor-to-payment process so that no individual and no administrative account can create or modify vendor master data, initiate a purchasing transaction, and approve that transaction for payment. Information Technology will separate these permissions in APECS for the nine individuals and four administrative accounts the audit identified, and any remaining combination required for operational reasons will be documented, approved and subject to a compensating review. The vendor master controls committed under R-117, R-118 and R-119 apply alongside this change: vendor records are established and maintained through a documented setup process with a quality-assurance review of each new profile performed by an individual who does not have access to set up or modify vendor information, and the master file is reviewed periodically.
Responsible	LaQueeya Braxton, Director of Procurement, with Paula Young, Manager of Accounts Payable and Rodney "Adam" Young, Executive Director of IT Operations
Anticipated completion	June 30, 2027

Observation 12 — APECS Reporting · Report p. 17

Observation: CLA noted MSCS areas request APECS reporting from the IT department when new or ad-hoc reports are needed. A standardized, ticketed process with defined ownership, approvals, prioritization, and documented testing/release controls for report requests and creation does not exist. In addition, IT should provide control enablement (data access, platforms, and change control) and should not be the primary department for facilitation of report creation. Lack of a formal, standardized ticketing process with defined ownership, approvals, prioritization, and documented testing/release controls for report requests and creation could result in inconsistent creation of reports without clear traceability, resulting in reporting outputs not being complete and accurate.

Recommendation: CLA recommends the following: Realign ownership of APECS report creation out of IT to a more appropriate department (e.g., Research, Evaluation, Accountability, and Data Strategy). Implementing a single, ticketed reporting request process with required intake fields (purpose, due date, frequency, data elements, sensitivity) to verify requests are trackable, prioritized, and fulfilled consistently. Define requirements/metrics and perform UAT to verify completeness and accuracy of reports before deployment. Maintain a report catalog (owner, definition, source, refresh, security classification).

Position	Agree
Corrective action	Ownership of APECS report creation will be realigned out of Information Technology to the Office of Research, Evaluation, Accountability and Data Strategy (R.E.A.D.S.), with Information Technology retaining control enablement — data access, platform support and change control — rather than acting as the primary department for report creation. A single ticketed reporting request process will be established with required intake fields covering purpose, due date, frequency, data elements and data sensitivity, so that requests are trackable, prioritized and fulfilled consistently. Requirements and acceptance criteria will be defined for each report and user acceptance testing performed to verify completeness and accuracy before deployment. A report catalog will be maintained recording the owner, definition, source, refresh frequency and security classification of each report.
Responsible	Rodney “Adam” Young, Executive Director of IT Operations, with William E. White II, Director II, Research, Evaluation, Accountability and Data Strategy (R.E.A.D.S.)
Anticipated completion	June 30, 2027

Observation 13 — Code of Conduct · Report p. 17

Observation: CLA noted Policy 0020, Ethics, and Policy 0022, Board Members' Code of Conduct, do not require employees or Board Members to formally complete and sign a code of conduct attestation annually. Failure to implement and enforce a code of conduct attestation increases the risk of non-compliance with ethical standards, increased legal and regulatory risks, reputational damage, financial losses, and impact to the organizational culture.

Recommendation: CLA recommends requiring staff and Board Members to formally complete and sign a code of conduct attestation at hiring, and again annually.

Position	Agree
Corrective action	Human Resources will implement an annual employee code-of-conduct attestation. Beginning January 2027, every employee will sign the attestation annually, and the attestation will be incorporated into the onboarding checklist so that new hires complete it at hire. Human Resources will track completion and coordinate with the Board Office so that employee and Board Member attestations operate on a single annual cycle. An electronic routing and signature process will be established to support district-wide completion. Board Member attestations are completed by December 18, 2026; employee attestations by March 12, 2027.
Responsible	Crystal R. Oliver, Chief of Human Resources (employee attestations), with Yolanda Timberlake, Manager of Executive Services (Board Member attestations and Board Office coordination)
Anticipated completion	March 12, 2027

Observation 14 — HR - Recording & Wage Increase Policies · Report p. 18

Observation: CLA was informed that a district employee recorded a meeting conducted by prior leadership that included multiple departments. During this meeting, prior leadership stated that all members of the departments present would receive a \$2 per hour wage increase. Following the meeting, an attendee reached out to HR seeking clarification regarding the absence of the raise on their paycheck. HR had not been informed about or involved with the decision to give the departments raises, as leadership had not followed standard approval procedures ahead of the announcement. To provide context, the employee shared with HR, highlighting prior leadership's remarks regarding the wage adjustments. Unauthorized recording of a workplace meeting and unilaterally communicating compensation changes outside established HR approval protocol increases legal, budgetary, reputational, and employee relations risks.

Recommendation: CLA recommends the district strengthen governance and internal controls by formally documenting, approving, and communicating policies related to employee recording practices and compensation changes. Specifically, the district should: Establish and enforce clear policies requiring authorization for recording workplace meetings, outlining prohibited recording scenarios, and the approved channels for documenting or reporting concerns, and Maintain documented compensation policies and procedures that require HR involvement in all discussions, approvals, and communications related to employee pay changes. These procedures should define required approvals, documentation standards, budget verification, and controls to ensure compensation changes are approved prior to being communicated.

Position	Agree
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Corrective action	The District will formally document, approve and communicate policies governing the recording of workplace meetings and the authorization of compensation changes. On recording, a policy will state when recording a workplace meeting requires authorization, the circumstances in which recording is prohibited, and the approved channels for documenting or reporting a concern. On compensation, documented policies and procedures will require Human Resources involvement in every discussion, approval and communication relating to employee pay, so that no wage adjustment is announced before it has been approved through the established process. The District will review whether these requirements are best implemented through Board policy, administrative rule, or departmental procedure and will adopt the appropriate governance mechanism to ensure consistent application and enforcement. Compensation changes are approved before being communicated, and the compensation controls committed at R-78 and R-83 apply.
Responsible	Crystal R. Oliver, Chief of Human Resources, with Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	March 12, 2027

Observation 15 — Settlement Approvals · Report p. 19

Observation: During fiscal year 2025, there were two settlements in excess of \$100,000. One was signed by the Interim Superintendent and the Board Chair while the second one was signed only by the Board Chair, and formal approval by the full Executive Committee was not documented. Failure to obtain required approvals and signatures for qualifying settlements may result in commitments made without proper authority, weakening governance oversight and increasing the risk of invalid or contested agreements.

Recommendation: CLA recommends obtaining approvals for settlements exceeding \$100,000 as required by Policy 2012 and monitor settlements adherence in conjunction with Board reporting every six months.

Position	Agree
Corrective action	Settlements exceeding \$100,000 will be approved as Board Policy 2012 requires, with the approval of the full Executive Committee documented before execution and the required signatures obtained. The Office of General Counsel will confirm that the approval required by policy is documented for each qualifying settlement prior to signature, and adherence will be monitored in conjunction with Board reporting every six months.
Responsible	Justin Bailey, General Counsel, with Yolanda Timberlake, Manager of Executive Services (Board reporting)
Anticipated completion	March 12, 2027

Observation 16 — Fidelity Bond · Report p. 19

Observation: The Bonded Employees and Officers Policy includes important elements of a fidelity-bond program. CLA noted the following opportunities related to the Policy: Coverage amount of \$5,000 for board members may be outdated or insufficient. No subsequent revision dates are noted on the Policy since its issuance on August 26, 2010. Include board members in the district's blanket fidelity bond and not rely on individual bonds. A blanket bond is permitted and may simplify compliance while providing stronger coverage than older individual bond amounts. Requirement for periodic review of bond adequacy. Clarity on what types of acts are covered (fraud, dishonesty, theft, or misuse of funds). Insufficient or outdated fidelity bond coverage for Board members and other covered officials increases the risk that losses from fraud, dishonesty, theft, or misuse of district funds may not be adequately protected or recoverable.

Recommendation: CLA recommends Management update Policy #2003, Bonded Employees and Officers, to align with the terms of the district's actual fidelity bond, including coverage amounts, individuals and positions covered, and any requirements for blanket versus individual bond coverage. The revised Board policy should clearly identify whether school board members, the superintendent, and other employees who handle district funds or prepare accounting records are covered under the current bond and whether the policy's stated coverage limits remain appropriate based on the district's financial activity, risk exposure, and insurer guidance. In addition, the district should implement an annual review process, performed by MSCS Risk Management and communicated to the board, to confirm that Board policy and fidelity bond coverage remain aligned and adequate.

Position	Agree
Corrective action	Board Policy 2003, Bonded Employees and Officers, issued August 26, 2010 and not revised since, will be updated to align with the terms of the District's actual fidelity bond. The revised policy will state the coverage amounts in force, identify the individuals and positions covered — including whether Board Members, the Superintendent, and employees who handle District funds or prepare accounting records are covered — and specify whether coverage is provided under the District's blanket fidelity bond or by individual bonds, with Board Members brought under the blanket bond rather than relying on individual bonds of \$5,000. The revised policy will define the acts covered, including fraud, dishonesty, theft and misuse of funds, and will require periodic review of the adequacy of coverage against the District's financial activity and risk exposure. The policy will be presented to the Shelby County Board of Education for consideration and adoption and will carry a Last Review Date in accordance with the policy currency control at IC-4.
Responsible	Justin Bailey, General Counsel, with Leslie Knighten, Controller, Accounting and Reporting
Anticipated completion	March 12, 2027

Observation 17 — Board Self Assessments · Report p. 20

Observation: For fiscal year 2025, CLA noted district Board members do not complete self-assessments to assist in the identification of strengths and weaknesses, enhance governance practices, improve decision making and foster accountability for continuous improvement, strengthen board dynamics, align with organizational goals, and facilitate succession planning. Lack of self-assessments can lead to diminished effectiveness, lack of accountability, and potential misalignment with the organization's mission and strategic goals. Without self-assessment, the Board may overlook areas for improvement, fail to address skill gaps, and miss opportunities to enhance governance practices. This can lead to poor decision-making, reduced stakeholder confidence, and an inability to respond effectively to emerging challenges.

Recommendation: CLA recommends implementation of a structured Board self-assessment process. Examples include, but are not limited to, composition and structure, responsibilities and performance, dynamics and culture, leadership and development, and stakeholder engagement.

Position	Agree
Corrective action	The Shelby County Board of Education will implement a structured Board self-assessment process addressing composition and structure, responsibilities and performance, Board dynamics and culture, leadership and development, and stakeholder engagement. The Board Office will administer the assessment on a defined annual cycle, compile the results for the Board's review, and retain the record; the results inform the Board's development planning and the annual training and policy review the Board conducts under its Internal Board Operations policies.
Responsible	Yolanda Timberlake, Manager of Executive Services (Board Office), with the Shelby County Board of Education
Anticipated completion	March 12, 2027

Human Resources

Observation 18 — State Board of Education (SBE) Reporting · Report p. 21

Observation: CLA noted SBE Licensure Discipline Reports were not submitted to the State for fiscal year 2025. The Director of Schools (Superintendent) signatures were not received as the Superintendent communicated to staff that they did not feel comfortable signing them, causing the forms to not be sent to the state during the period. Not submitting required reporting to the state to the Tennessee State Board of Education increases legal, operational, and student-safety risks. It also allows potentially unfit educators to retain active licenses, increasing the risk of continued misconduct, harm to students, and liability for negligent retention or failure to report.

Recommendation: CLA recommends MSCS implement tracking and monitoring of SBE Licensure Discipline Reports to verify they are provided within required timeframes. Results of reporting should also be provided to appropriate management and/or committee. In addition, formal designation of a primary reporter (usually HR Director, Employee Relations Director, or Legal Counsel) should be obtained via written authority from the superintendent.

Position	Agree
Corrective action	State Board of Education licensure discipline reporting has been restored under HR Action Plan §2.3: reports are tracked to the statutory 30-day timeframe on the District compliance calendar; a primary reporter is formally designated in writing by the Superintendent (currently the Chief of Human Resources, with General Counsel confirming the form of the delegation); the FY2025 backlog, which predates this administration, has been cleared with no recurrence; and reporting status is visible to the Board. The written designation is retained in the Human Resources compliance file and in the dedicated delegation section of BoardDocs established under R-16, is reviewed annually with the compliance calendar, and is amended by a superseding written designation from the Superintendent whenever the reporter changes.
Responsible	Crystal R. Oliver, Chief of Human Resources
Anticipated completion	December 18, 2026

Observation 19 — Succession Planning · Report p. 21

Observation: Discussions with HR Leadership indicate that the organization does not have a formal, documented succession planning process in place. Leadership transitions are managed on an informal, ad-hoc basis, and there is no structured approach for identifying critical roles, assessing internal talent pipelines, or preparing potential successors. The absence of a defined framework limits the organization's ability to ensure continuity of operations and retain institutional knowledge during key personnel changes. Organizations that lack a structured succession planning framework face increased vulnerability to skill gaps, delays in decision-making, and diminished strategic resilience during leadership changes.

Recommendation: CLA recommends management design and implement a formal, organizational-wide succession planning program that identifies critical roles, evaluates internal talent pipelines, and establishes development plans for potential successors. The program should be documented, periodically reviewed, and approved by senior leadership to maintain continuity of operations, preserve institutional knowledge, and reduce the risk of disruption during leadership transitions. Incorporating defined responsibilities, timelines, and monitoring mechanisms will help ensure the process remains current, consistently applied, and aligned with strategic objectives.

Position	Agree
Corrective action	A Leadership Succession Planning and Continuity Process is under development (HR Action Plan §4.1) covering all manager-and-above roles, with readiness tiers, named interim coverage, an HR-held master log, and annual review. Human Resources will author the framework and steps; each department head will then produce a succession plan for their group identifying first and second in line and the development underway for each, reviewed quarterly. As an interim measure ahead of adoption, every position holding an accountable action in the Board Corrective Action Plan

	carries a named primary and a named backup, recorded in the District response matrix, by September 30, 2026, so that continuity of the plan does not depend on any single incumbent. Completeness of that record is verified at December 18, 2026, and the Leadership Succession Planning and Continuity Process is adopted with a dated approval by March 12, 2027.
Responsible	Crystal R. Oliver, Chief of Human Resources, with Gary P. Hannah, Jr., Chief of Staff (Board CAP action 5.9)
Anticipated completion	March 12, 2027

Observation 20 — HR Data Entry - Quality Assurance · Report p. 22

Observation: *CLA noted HR manually keys in data to the system of record, APECS, for new hires and subsequent changes. Currently there is not a documented quality assurance control by a second staff member to verify employee data is entered into the system of record accurately. HR stated any errors will be communicated to them by Payroll. Absence of a formal quality assurance review for new employee records entered into the system of record increases the risk of inaccurate, incomplete, or inconsistent HR data. As HR is entering this data into the system of record, they are the primary function responsible for integrity of the data, supported by Payroll who validates data aligns with payroll requirements, flagging discrepancies.*

Recommendation: *CLA recommends HR implement a formally documented quality assurance control to verify accuracy and completeness of data entered into APECS, performed by a secondary individual other than the preparer, with clear evidence of review and approval. For new hires, management should also consider discussing a system interface between iCIMS and APECS, to systemically transfer data from HR's recruitment application to APECS.*

Position	Agree
Corrective action	Human Resources operates a segregated data-entry process in which the individual who collects identification and supporting material is separate from the advisor who completes the form, which is separate again from the staff who load the record for verification. To strengthen quality assurance, Human Resources will perform a documented validation of 25 randomly selected records against source documentation, confirming that manual entries match the underlying material, with exceptions corrected and tracked. The quality assurance review will be formally documented, performed by a secondary individual other than the preparer, and evidenced by a record of review and approval. For new hires, the District will evaluate a system interface between iCIMS and APECS so that data from the recruitment application transfers systemically rather than by manual key entry.
Responsible	Crystal R. Oliver, Chief of Human Resources
Anticipated completion	March 12, 2027

Observation 21 — Employee File Checklists - Onboarding · Report p. 22

Observation: *CLA noted the following during their review of Employee File Checklists: • Three different versions of Employee File Checklists were used for fiscal year 2025 (1 from 2022, 2 from 2024). • The Checklist does not include I-9s as a requirement. I-9s are retained separately from the employee file. 16 of 45 new employees had I-9 statements, with copies of their identification, properly retained (36%). Of these: 20 of 45 new hires sampled (44%) did not have an I-9 retained. 9 of 25 I-9s (36%) did not have copies of identification retained. • Licensure information verified during Checklist completion is not retained within the employee file. • Consistency of checklist completion varied based upon the individual completing the checklist e Review of file and Checklist completion were not performed by a second HR individual for quality assurance purposes. Errors, omissions, or inconsistencies in the Employee File Checklist may result in non-compliance with regulatory or organizational requirements.*

Recommendation: *CLA recommends the following for Employee File Checklists: • Leverage the most up-to-date version of the Checklist, housed centrally on an HR shared site. • Retain I-9s in the employee file, and not separately. • Retain I-9s, and copies of identification, for all employees. • Retain licensure information verified during onboarding in the employee file. • Standardize checklist completion through formally documented procedures. • Implement a quality assurance control for accurate completion Employee File Checklists*

Position	Agree
Corrective action	A single Employee File Checklist is adopted and in active use effective June 1, 2026 (HR Action Plan §3.2 / Board CAP action 4.7), incorporating I-9s and verified licensure evidence; files from June 2026 forward conform to it, and the July 2025–May 2026 backfile is being reorganized to match (files pulled through December). A second-person quality reviewer is onboarding. Digitization proceeds by leveraging the capability already available within the District's systems, with training delivered by internal staff who have previously completed training on the platform.
Responsible	Crystal R. Oliver, Chief of Human Resources
Anticipated completion	March 12, 2027

Observation 22 — HR Offboarding Checklist · Report p. 23

Observation: *CLA noted HR does not have a formal offboarding workflow, automated or manual, to verify that all system, application, and physical access for terminated employees is removed in a complete and timely manner. In the absence of a structured process or checklist, HR and IT rely on ad-hoc and email communication and informal practices, resulting in inconsistent execution and no documented evidence that all required deprovisioning steps were performed. Lack of a control to document offboarding increases the risk of terminated employees retaining unauthorized access and loss of assets.*

Recommendation: HR should establish a formally documented offboarding control to verify all system, application, physical access, and return of equipment have been completed promptly for terminated employees. Management should develop and implement a standardized offboarding checklist and maintain the checklist in a centralized department shared drive.

Position	Agree
Corrective action	The District will adopt a single documented offboarding workflow covering system access removal within defined service levels, badge deactivation, equipment return, fuel-card deactivation, disciplinary-record completeness, and a completed checklist retained for 100% of separations. Human Resources owns the checklist; each contributing department completes its portion. Every leader with direct reports completes and signs their portion of the workflow and accepts responsibility for it — a principal whose teacher resigns confirms equipment and records turnover and signs; responsibility is not discharged by referring the separation to Human Resources. The workflow, and each department's portion of it, is adopted and in use by May 20, 2027. System access removal within the workflow is performed by Information Technology, which removes access on notification of separation under existing practice; the formalization of that step within the district-wide user access change management process is committed separately at IC-7 and completes on that item's timeline. The offboarding workflow does not wait on it.
Responsible	Crystal R. Oliver, Chief of Human Resources
Anticipated completion	May 20, 2027

Observation 23 — Organizational Charts · Report p. 23

Observation: CLA noted MSCS HR does not require standardized organizational charts or formal requirements governing their creation, ownership, or updating. As a result, reporting lines, role responsibilities, and accountability structures are not consistently documented or easily verifiable. In addition, through inquiry across teams, it was noted personnel did not know who to reach out to when they have questions or need support, most commonly in the area of HR, a department that has gone through consistent turnover and department reorganization. Including both functional and reporting relationships strengthens governance by showing how decisions and oversight flow through the institution. This lack of standardization increases the risk of unclear authority, inconsistent communication, and gaps in oversight or segregation of duties.

Recommendation: CLA recommends MSCS HR require and assist in creating requirements to develop and maintain formal organizational charts that document reporting lines, key roles, and functional responsibilities to support effective oversight. Charts should be reviewed at least annually, or whenever significant changes occur, to verify accuracy and alignment with actual operations. HR should inquire of vendor's whose tools and applications they use, which have org chart structure capabilities, to be used for district operations. HR is a standard assignment of ownership for this control, verifying updates are timely and consistently communicated.

Position	Agree
Corrective action	Human Resources will require, create and maintain standardized organizational charts for every division, with defined update triggers and periodic review. Human Resources will additionally evaluate organizational functionality — whether roles as structured operate as the organization intends — building on the job-description review methodology already applied within the Communications division.
Responsible	Crystal R. Oliver, Chief of Human Resources
Anticipated completion	March 12, 2027

Observation 24 — Benchmarking · Report p. 24

Observation: CLA noted MSCS HR does not have standardized processes or defined requirements for conducting HR benchmarking across compensation, benefits, or staffing. In the absence of a formal approach, HR lacks consistent market insights to inform decision-making, assess competitiveness, or identify improvement opportunities. This gap increases the risk of inefficient resource allocation, and reduced ability to attract and retain talent.

Recommendation: CLA recommends the district perform a formal HR benchmarking process to compare its practices and compensation structures with relevant market peers. If internal capacity or experience is not available, we recommend an external industry expert be hired to perform this benchmarking.

Position	Agree
Corrective action	Human Resources will benchmark the District's compensation structures, benefits, and staffing levels against relevant peer districts under its retention and staffing strategy. The benchmarking work begins January 2027, with the format and structure developed beforehand, and will be conducted using in-house expertise; external expertise will be engaged only if internal capacity or experience proves insufficient.
Responsible	Crystal R. Oliver, Chief of Human Resources
Anticipated completion	March 12, 2027

Observation 25 — HR Procedures · Report p. 24

Observation: CLA noted HR procedures are not in place to standardize and direct completion of step-by-step processes and controls within the department. The absence of documented department procedures increases the likelihood of inconsistent work practices, errors, and knowledge gaps

across staff. Without standardized guidance, employees may rely on informal or outdated methods, which can lead to operational inefficiencies, compliance failures, service quality issues, and heightened dependency on individual employees' institutional knowledge.

Recommendation: CLA recommends HR management create procedures for staff to assist them in completion of their day-to-day job responsibilities, and formally review and document procedure updates, at a minimum annually.

Position	Agree
Corrective action	Human Resources maintains a documented procedures program covering day-to-day processes with named owners. The current-year set of standard operating procedures is being updated to reflect process changes and will be complete and available for sharing, with annual review thereafter.
Responsible	Crystal R. Oliver, Chief of Human Resources
Anticipated completion	March 12, 2027

Observation 26 — HR - Job Description Requirements · Report p. 25

Observation: CLA noted eight of 18 individuals (44%) tested within a sampled department did not satisfy the minimum educational qualifications outlined in their respective job descriptions. Hiring individuals who do not meet required qualifications increases the risk of operational inefficiencies, performance and compliance risks, higher turnover and remediation costs, and potential legal or regulatory exposure due to staff being unable to fulfill job responsibilities as intended.

Recommendation: CLA recommends HR evaluate the qualifications of department employees in key district functions to verify they are commensurate with department and job responsibilities. Where employees do not meet established minimum educational requirements, HR and management should take corrective action, such as implementing targeted training, reassigning duties, or formally documenting and approving exceptions with appropriate oversight.

Position	Agree
Corrective action	HR will issue guidelines for department heads to assess their teams against the minimum requirements and certifications of each position's job description, with discrepancies addressed through defined channels and a documented resolution path. Where a position requires a certification, an incumbent who does not hold it will be given a defined, reasonable period to acquire it or will forfeit the position; positions will not be reclassified to remove a certification requirement. Consistent with the District's job-description equivalency standard, documented years of related experience may compensate for a degree requirement but may not substitute for a required certification. HR will verify that every new hire meets the position's minimum requirements — directly or by documented equivalency — before the hire is processed.
Responsible	Crystal R. Oliver, Chief of Human Resources
Anticipated completion	June 30, 2027

Observation 27 — Stipend and Bonus Processing · Report p. 25

Observation: CLA noted processing of stipends and bonuses are keyed by personnel in the Information Technology (IT) department, after they receive an email from HR to prompt them to enter information into APECS. IT keys the stipend and bonus information into APECS, which are then paid in the subsequent payroll run. The requests IT receives from HR to key the bonuses and stipends, are not questioned, and are not retained by IT. In addition, there is currently no reporting out of APECS for stipends and bonuses. This did not allow for a population of bonuses and stipends to be produced for CLA to select a sample and test appropriateness of approvals and documentation requirements as stipulated in the Handbook.

Recommendation: CLA recommends management perform the following: Transition responsibility for entering supplemental compensation from IT to HR. Require all stipends and bonuses to be supported by documented approvals and funding validation prior to system entry, retaining documentation in a shared department site. Implement reporting functionality to capture and monitor stipend and bonus payments. Perform periodic management review of reporting to verify compliance with established Handbook requirements.

Position	Agree
Corrective action	Stipend and bonus processing requires documented justification and a documented basis of calculation before entry. Human Resources is responsible for the internal communication and processing standards for these payments, and will confirm receipt of requests rather than relying on unacknowledged email.
Responsible	Crystal R. Oliver, Chief of Human Resources
Anticipated completion	March 12, 2027

Internal Audit

Observation 28 — School Funds Audit - Completion · Report p. 26

Observation: CLA noted the annual school fund audits of each school within the district are performed by the district's internal audit department and are not prepared by a certified public accountant or the Comptroller of the Treasury. The external auditor compiles reporting from all of the school funds audits performed by the Internal Audit Department and aggregates the results in their report. Non-adherence to Internal School Funds Manual requirements increases the risk of financial mismanagement, inaccurate reporting, and noncompliance with state-mandated accounting standards.

Recommendation: *CLA recommends the district adhere to Internal School Fund requirements of having annual school funds audits be prepared by a certified public accountant in good standing with the Tennessee Board of Accountancy, or by the Comptroller of the Treasury.*

Position	Disagree
Corrective action	The annual financial audit of the District is performed by Watkins Uiberall, PLLC, a licensed certified public accounting firm in good standing and approved by the Comptroller's Office of Local Government Audit. Watkins Uiberall performs the audit and issues the audit opinion. Internal Audit supports the engagement by performing compliance testing at the firm's direction; the external auditor reviews Internal Audit's workpapers, performs additional testing as it determines necessary, and retains full responsibility for the opinion. The engagement therefore does not impair external audit independence.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	Not applicable — reasoned disagreement

Observation 29 — School Funds Audit - Scope Period · Report p. 26

Observation: *CLA noted the annual school fund audit scope period is tracked and monitored by the Internal Audit Department to cover a calendar year from when the audit commences, but does not cover the district fiscal year, as required. Non-adherence to Internal School Funds Manual requirements increases the risk of financial mismanagement, inaccurate reporting, and noncompliance with state-mandated accounting standards.*

Recommendation: *CLA recommends the district adhere to the following Internal School Fund requirements as stated in the Internal School Funds Manual: "The timing of submission of audit contracts can affect the timeliness of the audit. As a rule, audit contracts should be executed before the end of the fiscal year to be audited. However, contracting for the audit of internal school funds is different. Because some of the audit procedures conducted on behalf of the Division of Local Government Audit must be conducted while school is still in session, all county schools should contract by September 30 of the fiscal year to be audited (nine months prior to the end of the fiscal year)."*

Position	Disagree
Corrective action	Watkins Uiberall reports on the fiscal year ending June 30. Internal Audit's compliance testing operates on a continuous cycle rather than a fiscal-year reporting cycle, so the two are not comparable on the basis described. The District currently executes the audit contract in the Tennessee CARS system before September 30 in accordance with the Internal School Funds Manual.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	Not applicable — reasoned disagreement

Observation 30 — Internal Audit Reporting Line · Report p. 27

Observation: *CLA noted the Chief Audit Executive reports functionally to the Legal department, and administratively to the superintendent. Without a functional reporting line to the Audit Committee, Internal Audit's independence may be impaired, increasing the risk that significant control deficiencies, compliance issues, or fraud risks are not identified, escalated, or addressed in a timely manner.*

Recommendation: *CLA recommends the Chief Audit Executive have a functional reporting line to the Audit Committee (or equivalent oversight body of the Board) and an administrative reporting line to the superintendent. Functional reporting to the Audit Committee should include: • Approval of the Internal Audit charter • Approval of the risk-based audit plan • Evaluation of Internal Audit performance • Oversight of the appointment and removal of the Chief Audit Executive • Review of significant audit findings and management's corrective actions*

Position	Disagree
Corrective action	Internal Audit's reporting relationship satisfies the structural independence requirements of Government Auditing Standards §3.56. The Executive Director of Internal Audit reports administratively to the Chief Legal Counsel, who is directly employed by the Board, and has direct and unrestricted access to those charged with governance. That unrestricted access is the safeguard relied upon: the Executive Director may report any matter to the Board without restriction and without the approval or review of management. Independence threats are evaluated continuously and safeguards applied. Audit-related matters are also reported to the Board through the Audit, Budget and Finance Committee as a standing monthly agenda item, which provides a regular reporting channel in addition to that access.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	Not applicable — reasoned disagreement

Observation 31 — Internal Audit Charter · Report p. 27

Observation: *CLA noted the Internal Audit Charter has not been updated since January 2022, and references Shelby County Schools, not Memphis-Shelby County Schools. In addition, the Charter does not address foundational professional standards followed (i.e., Institute of Internal Auditors, Yellow Book) and is not approved by the Superintendent, an Audit Committee, or equivalent governing body.*

Recommendation: *CLA recommends the Internal Audit Charter be updated to align with the current Memphis-Shelby County School district, explicitly address foundational professional standards followed (i.e., Institute of Internal Auditors, Yellow Book), and is approved by an Audit Committee or equivalent governing body.*

Position	Partially Agree
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Corrective action	The Internal Audit charter has been updated and was approved by the Superintendent on May 8, 2026. The charter identifies Memphis-Shelby County Schools and states the standards under which Internal Audit operates. Approval by an audit committee is not applicable: the District does not have a dedicated audit committee, and Government Auditing Standards do not require one. Board committee oversight sits with the Audit, Budget and Finance Committee, which receives audit-related reporting as a standing monthly agenda item.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	Completed — no anticipated completion date

Observation 32 — Internal Audit Manual · Report p. 28

Observation: *CLA noted the Internal Audit function does not maintain a comprehensive, formally documented Internal Audit Manual that provides detailed guidance on how audit activities are planned, executed, reported, and followed up on. The Manual serves as the primary operational reference for Internal Audit staff and supports consistency, quality, and compliance with professional standards.*

Recommendation: *CLA recommends Management formally document and implement a comprehensive Internal Audit Manual that defines standardized audit methodologies, roles and responsibilities, documentation requirements, quality assurance practices, and alignment with applicable professional standards. The Internal Audit Manual should be formally approved by the Chief Audit Executive, periodically reviewed, and updated as organizational risks, audit practices, or professional standards evolve.*

Position	Agree
Corrective action	Internal Audit's policies and procedures manual has been formally documented, implemented, and approved by the Executive Director of Internal Audit. The manual will be reviewed periodically and updated as processes change.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	Completed — no anticipated completion date

Observation 33 — Internal Audit Universe · Report p. 28

Observation: *CLA noted Internal Audit has not established or maintained a comprehensive and documented audit universe identifying all auditable entities across the district. As a result, Internal Audit lacks a complete inventory of processes, functions, systems, and operational areas that may warrant audit coverage. Currently, school fund audits of each school are where team efforts are primarily focused. Without a formally defined audit universe, Management has limited visibility into the full scope of potential auditable areas, and there is no documented baseline to demonstrate that all significant risk areas are considered for audit.*

Recommendation: *CLA recommends Management develop and maintain a comprehensive Internal Audit Universe identifying all auditable entities, including major operational areas, processes, systems, compliance areas, and significant programs. The audit universe should be periodically reviewed and updated to reflect changes in organizational structure, operations, systems, or risk profile.*

Position	Agree
Corrective action	Internal Audit will develop and maintain a documented audit universe identifying auditable entities, functions and processes across the District, and will review and update the universe periodically.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	December 18, 2026

Observation 34 — Internal Audit Risk Assessment · Report p. 29

Observation: *CLA noted Internal Audit has not performed a formal, documented risk assessment to evaluate and prioritize auditable areas within the organization. In the absence of a structured risk assessment process, audit coverage may not be consistently aligned with the district's highest-risk areas, and the rationale for audit selection is not clearly documented. Lack of a formal risk assessment limits Management's ability to assess whether audit resources are being appropriately directed toward areas of greatest significance and risk.*

Recommendation: *CLA recommends Management implement a formal, documented internal audit risk assessment that incorporates quantitative and qualitative risk factors. The risk assessment should be performed at least annually and incorporate appropriate input from senior management. Documenting and regularly updating the risk assessment will help verify audit priorities are aligned with organizational risks and support informed oversight and decision-making.*

Position	Agree
Corrective action	Internal Audit will conduct and document an annual risk assessment, incorporating input from senior management, to inform audit planning.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	December 18, 2026

Observation 35 — Internal Audit Annual and Multi-Year Plans · Report p. 29

Observation: *CLA noted Internal Audit has not developed formal, risk-based annual or multi-year audit plans derived from a documented audit universe and risk assessment. As a result, audit activities may be reactive or inconsistent, and there is limited assurance that audit coverage is sufficient or balanced over time. Additionally, the absence of formally approved plans reduces transparency into audit priorities and limits management's ability to provide effective oversight of Internal Audit activities.*

Recommendation: *CLA recommends Management develop a risk-based annual and multi-year internal audit plans leveraging the documented audit universe and risk assessment. The plans should define the scope, timing, and resource requirements for planned audit engagements and be formally reviewed and approved by the Audit Committee. Internal Audit should also establish a process to periodically reassess and adjust audit plans in response to significant changes or emerging risks, with changes communicated to the Audit Committee.*

Position	Partially Agree
Corrective action	Internal Audit is developing the audit universe, the annual risk assessment, and annual and multi-year audit plans derived from them. Approval of audit plans by an audit committee is not applicable: the District does not have a dedicated audit committee, and Government Auditing Standards §§1.04 and 8.33 do not require one; Board committee oversight sits with the Audit, Budget and Finance Committee, which receives audit-related reporting as a standing monthly agenda item. Internal Audit will present its plans to the appropriate District officials and to the governing authority.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	December 18, 2026

Observation 36 — Audit Committee/Board Reporting · Report p. 30

Observation: *CLA noted that while a Budget, Finance, and Audit Committee exists and is a standing agenda item at Board Meetings, the CAE does not present periodically to the Board. In addition, during the FY2024-25 period, the Committee met six times. A review of the agendas, meeting minutes and/or documents provided for review and/or presentation for these meetings showed there was no alignment to any internal or external audit activity or function. Without regular communication, the Board may lack timely visibility into significant control weaknesses, management's responsiveness to audit recommendations, and the overall effectiveness and independence of the Internal Audit function.*

Recommendation: *CLA recommends the CAE present to the Board at regularly scheduled intervals (e.g., quarterly). Presentations should include:* • Status of the annual audit plan • Significant findings and emerging risks • Follow up on prior audit recommendations • Resource needs or constraints • Any matters requiring Board attention

Position	Agree
Corrective action	The Executive Director of Internal Audit reports to the Board through the Audit, Budget and Finance Committee, where audit-related matters are a standing monthly agenda item. Comprehensive presentations covering the status of the audit plan, significant findings, emerging risks, follow-up on prior recommendations, and resource needs are delivered at least semiannually, and as needed for other matters requiring the Board's attention.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	December 18, 2026

Observation 37 — External Auditor Rotation · Report p. 30

Observation: *MSCS has used the same external auditor to audit their financial statements and school funds since at least the 2015 fiscal year. Long-tenured engagements can create an appearance of reduced independence, familiarity threats, and reduced professional skepticism.*

Recommendation: *CLA recommends the district rotate external auditor firms every 5 years. Common benefits of rotation include increased independence and objectivity, reduction in familiarity threats with management, and opportunity for improved insights when new auditors reassess past practices.*

Position	Disagree
Corrective action	The District does not select or engage the external auditor: the external auditor for Shelby County Government and its component units, including the District, is selected and paid by Shelby County Government. Auditor tenure alone does not establish an independence impairment; professional standards require an independence evaluation for each engagement, which the external auditor performs. The District will convey the rotation consideration to Shelby County Government.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	Not applicable — reasoned disagreement

Observation 38 — Audit Reports - Overall Conclusions · Report p. 31

Observation: *CLA noted audits of school funds have five distinct areas tested during each engagement, each with their own conclusion of either Adequate, Needs Improvement, or Unsatisfactory. The five areas tested are Cash Controls, Revenue Receipts, Disbursements, Fundraising/Resale Activities, and Equipment. Audit reports do not include an overall conclusion of the school's internal control. Lack of an overall conclusion in the audit report does not allow management quick and clear interpretation of the significance of the control environment and issues identified and does not assist in prioritization where it may be most needed, allowing key risks to persist.*

Recommendation: *CLA recommends management implement a standard Overall Conclusion in every audit report, stating the assurance level for the scoped area, alignment to objectives, and is supported by testing results.*

Position	Agree
Corrective action	Internal Audit will include a standard Overall Conclusion in every audit report issued.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	Completed — no anticipated completion date

Observation 39 — Audit Engagement Timeliness · Report p. 31

Observation: *CLA noted the average length of time for Internal Audit to perform school funds audits from start to finish was 148 days (median of 149 days, maximum of 278 days, and a minimum of 11 days). Lack of established and defined timelines, coupled with cycle time monitoring, increases the risk significant control weaknesses are not communicated in a timely manner for management to take corrective action. This can result in prolonged risk exposure and delayed remediation.*

Recommendation: *CLA recommends management implement timeline standards for each phase of the audit (planning, fieldwork, reporting), and track, monitor, and report on adherence, with periodic reporting assist in driving continuous improvement.*

Position	Disagree
Corrective action	Communication of noncompliance does not await report issuance: Internal Audit conducts exit meetings with school principals at the conclusion of fieldwork, communicating identified noncompliance directly and in accordance with the communication requirements of Government Auditing Standards, and the Office of School Compliance assists schools with remediation. Corrective action therefore begins before the final report is issued.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	Not applicable — reasoned disagreement

Observation 40 — Professional Development Program · Report p. 32

Observation: *CLA noted training for the audit department is performed but is not formally tracked. In addition, there are no audit-related certification requirements for the audit team for professional development. Lack of formally establishing and tracking required CPE training and certification status increases the risk auditors will not maintain competencies needed to perform engagements with due professional care, resulting in inconsistent audit quality, missed or improperly assessed risks (e.g., fraud, IT, emerging issues), reduced ability to execute the audit plan effectively, and potential nonconformance with professional standards.*

Recommendation: *CLA recommends management implement a formal training and certification program defining role based required training and minimum certification expectations, supported by a centralized tracking mechanism. The program should include a documented competency framework and periodic skills assessment, as well as a minimum annual CPE requirement.*

Position	Agree
Corrective action	Internal Audit has begun implementing a formal training and certification program, including role-based training requirements, minimum certification expectations, centralized tracking of completion, a competency framework, and annual continuing professional education consistent with Government Auditing Standards.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	December 18, 2026

Contracts

Observation 41 — Contract Communication - Board · Report p. 32

Observation: *CLA notes while Board Briefing materials are consistently submitted to the Board along with each recommended contract for approval, the contents of the briefing materials vary and do not consistently include all the information required as outlined in the “2012 Contract Requirement Approval and Signature Authority” policy. The informational items most commonly omitted include why the recommended contract is the best purchase, other options for addressing the purchase, sustainability plan, implementation plan, and number/description of staff positions to be created as applicable. Inconsistent inclusion of required information in Board Briefing materials exposes the district to governance, financial, operational, and transparency risks. D) Two contracts for Professional Services from Christian Brothers University for dual exam credits for the 2024-2025 school year were categorized as “Non-Professional Services” contract type, whereas an agreement to amend one of these contracts for the spring semester (2025-0559) was correctly categorized as “Professional Services.” CLA further notes the superseded spring services contract, while it showed an expiration date in the system of 12/31/2024, was still categorized as “Active” in Contract Advantage as of 3/1/2026. E) Professional Services contract 2025-0559 contains an incorrect contract number reference in the first page footer of the final executed copy of the contract. In addition, the Forensic Audit report included in Volume II notes that a contract bypassed the procurement process and no PAF, requisition, or PO were identified. As a result, management has limited assurance that contract data maintained in the system of record is complete and accurate. This increases the likelihood errors or omissions in contract records may go undetected.*

Recommendation: In order to establish consistent compliance with required submittal of information to the Board for contract approval, CLA recommends the use of a fillable standard template which includes each of the required information topics as outlined in Contract Requirements Policy 2012.

Position	Agree
Corrective action	The corrective action committed under R-49, R-51 and WH-8 addresses the submission of contract information to the Board. In addition, Contracts will complete a clean-up of the required fields in Contract Advantage and add further fields so that the information the Board requires is captured consistently at entry. The Board submission confirmatory email and its attached form evidence what was submitted for each contract.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions (statement-of-work element), with Thomas Perry Jr., Senior Counsel, Office of General Counsel (Board submission)
Anticipated completion	March 12, 2027

Observation 42 — Contract Quality Assurance · Report p. 33

Observation: CLA noted quality assurance is not performed on contracts entered into the system of record, Contract Advantage. Finalized contracts are uploaded and entered into Contract Advantage by individuals from departments across the district. Once items are entered into the system, contract data (e.g., contract value, dates, pricing, amendments, and approval authority) is not reviewed to verify information accurately aligns with fully executed agreements and approved amendments. This has resulted in missing data and incorrect information being populated into the system, such as: A) 25 out of 264 Professional Services contracts in the population of contracts expiring in FY25 or later did not contain a Contract Effective date. B) 21 out of 30 Professional Services contracts tested had contract effective dates which varied from the date entered in Contract Advantage. Many of these deviations were due to the contract term date being entered versus the effective date, which is typically the date the contract is fully executed by both parties. C) 2 out of 30 Professional Services contracts were executed without obtaining the required Purchase Authorization Form (PAF) from Procurement that is to be attached to every contract request to establish evidence the requisition has been approved. Another contract sample did not contain the revised and final PAF with the contract documentation in the system.

Recommendation: CLA recommends management design and implementation of formal quality assurance control over contracts entered into the system of record. At a minimum, the quality assurance control should include independent post-entry review of contract records to validate key terms against executed contracts and amendments, confirmation of required approvals and documentation, and timely correction of identified errors. Quality assurance procedures should be standardized, documented, and supported by appropriate segregation of duties.

Position	Agree
Corrective action	The corrective action committed under R-109, R-22, R-25, R-28 and R-29 addresses quality assurance over contracts entered in the system of record. Contracts will document the quality-assurance steps in a standard operating procedure, with Contract Advantage as the system of record against which entries are checked.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions; Thomas Perry, Senior Counsel, Office of General Counsel (SOP)
Anticipated completion	June 30, 2027

Observation 43 — Contract Ongoing Monitoring · Report p. 34

Observation: CLA noted ongoing monitoring and reporting controls over contract data entered into the system of record are not in place. Specifically, there is no reporting to detect inaccuracies, missing documentation, delayed entries, or authorization gaps. As a result, management has limited assurance that the contract system of record is complete, accurate, timely, and compliant with contracting policies. This increases the risk of incorrect obligations, renewal/expiration oversights, and non-compliant terms. In one instance, CLA observed that a purchase order was issued for a superseded Professional Services contract as the contract was not marked as expired in the system.

Recommendation: CLA recommends Management design and implement formal, ongoing monitoring controls and reporting for contract data to verify data is complete, accurate, and exceptions are appropriately identified and corrected. Po Monitoring results should be routinely reported to management, and remediation activities documented and tracked to closure.

Position	Agree
Corrective action	The corrective action committed under R-109, R-22, R-25, R-28 and R-29 addresses ongoing monitoring of contract data. Contracts will document the monitoring and exception-correction steps in a standard operating procedure, performed against Contract Advantage.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions; Thomas Perry, Senior Counsel, Office of General Counsel (SOP)
Anticipated completion	June 30, 2027

Observation 44 — Services Commencing Without an Executed Contract · Report p. 34

Observation: During testing of contracts less than or equal to \$99,999 requiring Superintendent or designee approval and signature, CLA noted an agreement for dual credit course education services incurred during the fall semester of the 24-25 school year (July 1, 2024, to December 31, 2024) was not approved and executed until December 12, 2024 after services were substantially completed. While no payments were made to the vendor (Christian Brothers University) until after the executed contract was in place, the absence of an approved requisition and executed contract is in

violation of the procurement policy published in the Procurement Services Manual which states: “A. All vendors are required to have a valid contract or Purchase Order (purchases over \$3,500) prior to providing services or delivering goods to a school or office within the District. B. MSCS employee must ensure that prior to receipt of services or goods delivered by a vendor, that the appropriate procedures are followed to ensure payment to the vendor. C. An MSCS employee may be subject to personal liability if they willfully or intentionally violate the policies and procedures set forth in this Procurement Manual including liability for the costs of services or goods incurred by the District.”

Recommendation: CLA recommends MSCS establish a formal escalation process when services begin without an executed contract, including: • Services and the Superintendent's designee. • Documentation of the circumstances and responsible personnel. • Corrective action or disciplinary measures when appropriate.

Position	Disagree
Corrective action	The escalation process CLA recommends for services beginning without an executed contract is not within the control of the Contracts department; commencing services without an executed contract is a stakeholder responsibility, and the requirement is already established in Shelby County Board of Education policy. No additional corrective action is proposed by Contracts.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions
Anticipated completion	Not applicable — reasoned disagreement

Observation 45 — Contract Quality Assurance · Report p. 35

Observation: During testing of Professional Services contracts, CLA noted one contract less than \$75,000 (2025-0143 for services to be completed by September 30, 2024) did not contain the signature of the Superintendent preventing it from being a fully executed contract. However, services were rendered by the service provider under the scope of the agreement without an approved requisition and purchase order in place.

Recommendation: CLA recommends management design and implementation of formal quality assurance control over contracts entered into the system of record.

Position	Agree
Corrective action	Addressed through the corrective action committed under R-109, R-22, R-25, R-28 and R-29, with the quality-assurance steps documented in a Contracts standard operating procedure and performed against Contract Advantage.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions; Thomas Perry, Senior Counsel, Office of General Counsel (SOP)
Anticipated completion	June 30, 2027

Observation 46 — Professional Services Selection Requirements · Report p. 35

Observation: While the Professional Services Contracts Policy (2013) states these types of contracts shall not be based upon competitive bids, the policy does not clearly indicate when a Request for Qualifications (“RFQ”) is required, or other required documentation to justify the vendor selection. CLA observed out of 30 Professional Services contracts tested, most samples did not appear to have supporting documentation to justify why a vendor was selected or if there were others considered prior to entering into the contract.

Recommendation: In order to eliminate inconsistent practices and the potential for vendor bias, CLA recommends the Professional Services policies and procedures be updated to include specific requirements for the selection of Professional Services contract awards.

Position	Disagree
Corrective action	Updating the Professional Services policies and procedures to specify requirements for the selection of professional service providers is not a Contracts function; selection requirements sit with Procurement, and the procurement practice updates committed elsewhere in this plan address them. No additional corrective action is proposed by Contracts.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions — with Procurement (LaQueeya Braxton, Director of Procurement) for the selection-requirements element
Anticipated completion	Not applicable — reasoned disagreement

Observation 47 — Contract Authorization: Non-Master Service Agreements · Report p. 37

Observation: Master Service Agreements (MSAs) typically establish agreed upon rates for goods or services procured on an as needed basis and do not include a stated contract value. As a result, they are often entered into the system of record, Contract Advantage, with a value of \$0 or \$0.01. Because Policy 2012 (Contract Requirements) permit staff other than the Superintendent to execute contracts based on stated value, MSAs assigned a \$0 value may be approved by individuals other than the Superintendent, even when cumulative spending ultimately exceeds \$100,000. (and criteria) MSAs recorded with nominal or no contract value increase the risk that cumulative spend may exceed authorization thresholds without appropriate Superintendent or Board approval.

Recommendation: CLA recommends updating MSA contract authorization policies and procedures to better align approval requirements with the risk posed by MSAs that may exceed \$100,000 in spend.

Position	Agree in part
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Corrective action	The District agrees that MSA authorization requirements should better align with the risk posed by master service agreements that may exceed \$100,000 in spend. This is not solely a Contracts function: it requires the involvement of Business Operations, Policy, and the stakeholder departments that use master agreements. The District further recommends that master service agreements carry a not-to-exceed amount and be limited to specific, agreed departments and stakeholders, to increase visibility of committed spend and reduce waste.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions, with Tito Langston, Chief of Business Operations, and Maria Stewart, Governmental Affairs and Compliance Manager (policy)
Anticipated completion	May 20, 2027

Observation 48 — Contract Communication - Board · Report p. 38

Observation: MSAs typically establish rates without a stated contract value and are therefore often entered into Contract Advantage at \$0 or \$0.01, resulting in exclusion from Board reporting. CLA observed MSAs supported by a \$0 Procurement Authorization Form (PAF) may generate multiple purchase orders cumulatively exceeding \$100,000 in a fiscal year, while the absence of detective controls limits assurance the Board is informed when contract spend exceeds certain thresholds or budgets. MSAs recorded with nominal or no contract value increase the risk that cumulative contract spend may not be identified, monitored, or reported to the Board when required.

Recommendation: CLA recommends reporting controls be implemented to verify monitoring and reporting of contract spend against approved amounts. The Board should be provided timely reporting for procurement activity subject to Board visibility.

Position	Agree in part
Corrective action	The District agrees that reporting controls should verify monitoring of contract spend against approved amounts. This is not solely a Contracts function. The District is evaluating contract management software capable of communicating with APECS so that contract spend can be reconciled against approved amounts systematically; in the interim, Contracts will reconcile contract spend with Accounts Payable manually on a quarterly basis. The interim quarterly reconciliation of contract spend is performed with Accounts Payable, whose payment reconciliation and variance documentation are described at IC-69.
Responsible	Denise Brownlee, Contract Administrator, with Accounts Payable (Paula Young, Manager of Accounts Payable)
Anticipated completion	May 20, 2027

Observation 49 — Contract Procedures · Report p. 38

Observation: CLA noted desktop procedures for end-to-end contract administration and data entry are not in place to standardize and direct completion of step-by-step processes and controls within the department. The absence of documented department procedures increases the likelihood of inconsistent work practices, errors, and knowledge gaps across staff.

Recommendation: CLA recommends Contract Administration management create desktop procedures for staff to assist them in completion of their day-to-day job responsibilities, and formally review and document procedure updates, at a minimum annually.

Position	Agree
Corrective action	Addressed through the corrective action committed under R-126, R-127, R-128, R-19 and R-24. Contracts will create desktop procedures for staff covering day-to-day responsibilities, with procedure updates formally reviewed and documented. Development of the desktop procedures began August 27, 2026.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions, with Thomas Perry Jr., Senior Counsel, Office of General Counsel
Anticipated completion	March 12, 2027

Observation 50 — Contract Reporting Categorization · Report p. 39

Observation: CLA noted several in-scope contracts were unable to have system reports created for them as the procurement system, APECS, and contract system, Contract Advantage, are not aligned in how they are categorized. Failure to standardize contract classifications across procurement and contract systems increases the risk that contract and vendor information is incomplete, inaccurate, or inconsistent.

Recommendation: CLA recommends management implement standardized, system required contract classifications aligned and consistently applied across the procurement system and the contract management system. Both systems should be configured with shared classification taxonomy to prevent inconsistent or incomplete contract and vendor data.

Position	Agree
Corrective action	Standardized contract classifications applied consistently across the procurement and contract management systems require both departments; the Procurement Authorization Form is the point at which classification can be captured and enforced, and Contracts will work with Procurement to align classifications between Contract Advantage and APECS.
Responsible	Denise Brownlee, Contract Administrator, with LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

Observation 51 — Contracts Key Process Indicators · Report p. 39

Observation: At the time of review, CLA noted the contracts department had not formally defined, documented, or monitored KPIs to evaluate contract lifecycle timeliness, alignment with procurement requirements, or internal service expectations. Without KPIs, management may be unable to consistently assess compliance with contracting policies and approval requirements, increasing the risk of unauthorized or late-executed contracts.

Recommendation: CLA recommends management develop and implement KPIs for the contracts department to support effective oversight of the contract lifecycle. KPIs should be aligned with contract processing objectives and requirements, assigned to accountable owners, and reviewed on a recurring basis by management.

Position	Agree
Corrective action	Agree — the control described is in operation and will be extended to the full contract lifecycle. The District publishes quarterly Contract Impact Reports through the Office of Research and Performance Management. The office solicits performance indicators against each Board-approved contract's scope, execution and outcomes, holds the data in the Performance Management contract database (Microsoft Power Apps), and reports quarterly to the Board of Education, where the results — including contract performance rankings and return on investment — are made public and inform decisions on contract renewal. The reports have been published since the 2024-25 fiscal year and are posted publicly on the District's website, with quarters consolidated into a single semester publication from 2025-26. Contracts and Transactions will work with R.E.A.D.S. to extend the indicator set from contract outcomes to the contract lifecycle itself — cycle time, timeliness of execution, alignment with procurement requirements and internal service levels — and to draw those measures from Contract Advantage so they are produced from the system of record rather than compiled manually.
Responsible	Denise Brownlee, Contract Administrator, with William E. White II, Director II, and Eric Hosman, Director of Research and Performance Management — both of Research, Evaluation, Accountability and Data Strategy (R.E.A.D.S.)
Anticipated completion	March 12, 2027

Procurement & Vendor Management

Observation 52 — Vendor Management Program · Report p. 39

Observation: CLA noted MSCS has not established a formal Vendor Management Program. Lack of a formal vendor management program could expose the organization to operational, financial, contractual, and reputational risks, as well as create inefficiencies by leveraging multiple vendors for similar services or not utilizing company funds efficiently.

Recommendation: CLA recommends MSCS implement a Vendor Management Program, governed by leadership across appropriate departments via a work group or management committee. The vendor Management Program should include risk rating vendors, tracking high risk vendors, assigning responsible managers, service level agreements, due diligence, and reporting on the status of vendors to leadership.

Position	Agree
Corrective action	The District will implement a Vendor Management Program governed by leadership across the departments that engage vendors, through a management work group. The program will risk-rate vendors, track high-risk vendors, assign a responsible manager to each significant vendor relationship, apply service level agreements and due diligence proportionate to risk, and report on vendor status to leadership. The program builds on the vendor master file controls committed under R-117 through R-122 and the contract monitoring commitments at IC-48.
Responsible	LaQueeya Braxton, Director of Procurement, with Business Operations and the departments that manage significant vendor relationships
Anticipated completion	July 31, 2027

Vendors

Observation 53 — Dormant Vendors · Report p. 40

Observation: CLA noted vendor activity within the vendor master file has not been assessed since implementation of APECS (before the merger in 2013). Vendors remaining active with no payment activity over an extended period of time increases the risk of unauthorized or fraudulent payments, as dormant vendors may be used to process invalid transactions.

Recommendation: CLA recommends management establish a timeframe in which vendors should be inactivated in the APECS system after a period of payment inactivity. CLA also recommends ongoing monitoring by management to assess vendor payment inactivity. Management should work with APECS on the initial assessment to systemically inactivate vendors who haven't been paid for a set period of time, versus manually creating a report and performing the updates, based on the volume of vendors.

Position	Agree
Corrective action	The control weakness described — vendor activity in the master file not assessed since APECS implementation, leaving dormant vendors active — is addressed by the corrective actions committed under R-117, R-118 and R-119: a comprehensive review of the master vendor listing, inactivation of vendors with no payment activity over a defined

	period, and periodic review thereafter, with the initial assessment performed systemically in APECS. Corrective action, responsible position and anticipated timeline for this observation are as stated at those items.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	July 31, 2027

Observation 54 — Vendor PO Boxes · Report p. 40

Observation: *CLA noted, out of approximately 21,000 active vendors, 1,230 vendors (5.9%) had only a PO Box on file, and not a physical address. PO Boxes should not be used as the sole address for vendors and permissible only as secondary mailing addresses when a documented business or operational need exists. Exceptions (e.g., government entities or regulated utilities) should be formally approved and documented. Vendor master records should clearly distinguish between physical and mailing addresses, and periodic vendor file reviews should validate the continued appropriateness of any PO Box usage.*

Recommendation: *CLA recommends management require physical addresses for all vendors during their onboarding process, with any exceptions documented and approved. CLA also recommends ongoing monitoring by management to validate the continued appropriateness of any PO Box usage.*

Position	Agree
Corrective action	The control weakness described — 1,230 of approximately 21,000 active vendors carrying only a PO Box address — is addressed by the corrective actions committed under R-117, R-118 and R-119: the master vendor listing review will require a physical address for each vendor, with any PO Box-only exception documented and approved, and periodic review will validate the continued appropriateness of any PO Box usage. Corrective action, responsible position and anticipated timeline for this observation are as stated at those items.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	July 31, 2027

Observation 55 — SOC Reports and Reviews · Report p. 41

Observation: *CLA noted critical service providers have not been identified for which SOC Reports should be obtained and reviewed. Not obtaining and reviewing SOC reports from critical service providers results in a lack of insight into the service provider's control environment, what the user should have in place in their control environment, and the service provider's ability to protect sensitive data and maintain operational integrity, resulting in financial impacts and operational disruptions.*

Recommendation: *CLA recommends critical service providers be identified, and SOC reports obtained and reviewed and documented for each vendor annually. Content of the review should identify any exceptions noted by the outside auditor, user control considerations and associated controls in place to identify any gaps, as well as subservice organizations used by the vendor.*

Position	Agree
Corrective action	The District will identify its critical service providers — those that process, host or have access to District financial, student or personnel data or that perform functions on which District operations depend — and will obtain and review a Service Organization Control (SOC) report for each such provider annually. The review will be documented and will identify any exceptions noted by the service auditor, the user control considerations the District must have in place, and any subservice organizations relied on. Information Technology will support the identification of technology providers within scope.
Responsible	LaQueeya Braxton, Director of Procurement, with Rodney “Adam” Young, Executive Director of IT Operations
Anticipated completion	December 31, 2027

Observation 56 — Vendor Quality Assurance · Report p. 41

Observation: *CLA noted out of 45 new vendor records tested: A) 1 vendor's business entity type did not agree between APECS and the W-9. B) 2 vendor addresses did not match the W-9 and no other support was available. One of the address errors was a transposition of the street address. C) 2 vendor records did not contain supporting documentation to substantiate the vendor profile. D) 1 vendor W-9 contained incorrect information not detected at the time of vendor record creation/approval. Procurement corrected these during the audit. E) 3 vendor records did not contain support to substantiate the IRS TIN match was completed at the time of vendor creation. Procurement corrected these during the audit. F) 2 vendors were students who received Valedictorian/Salutatorian merit payments in excess of the IRS tax threshold. Procurement does not complete IRS TIN matches for student profiles and did not complete 1099 information within the vendor profile. Merit awards are typically treated as taxable prizes by the IRS and a 1099 should be issued in these cases.*

Recommendation: *In order to establish completeness and accuracy over vendor record information, CLA recommends quality assurance review procedures and controls be included in the vendor setup and maintenance process. Best practice control procedures for vendor setup and maintenance include a quality review of the vendor profile against valid support as well as the completeness of all support to be retained with the profile. The quality review is recommended to be completed by an individual who does not have access to set up or modify the vendor's information.*

Position	Agree
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Corrective action	The control weakness described — vendor records set up without complete supporting documentation, TIN-match evidence, or W-9 agreement, including student merit-award payees — is addressed by the corrective actions committed under R-117, R-118 and R-119, which add a quality-assurance review of each new vendor profile against valid support, performed by an individual without access to set up or modify vendor information, and retention of that support with the profile. Corrective action, responsible position and anticipated timeline for this observation are as stated at those items.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	July 31, 2027

Procurement

Observation 57 — Single/Sole Source Procurement · Report p. 42

Observation: *CLA noted the manual and form do not clearly define who is an authorized “Senior Staff” member required to authorize the Sole Source Justification Form, creating ambiguity in the interpretation of a properly authorized form.*

Recommendation: *In order to eliminate inconsistent practices and the potential for improperly authorized single/sole source purchases, CLA recommends the Procurement policies and forms be updated to clearly define who is authorized as a Senior Staff member.*

Position	Agree
Corrective action	The Procurement Services Manual and the Sole Source Justification Form will be updated to define who is authorized as a “Senior Staff” approver for single and sole source purchases, so that the required approval can be verified against a named position and the form cannot be treated as properly authorized without it. This update is carried with the sole/single-source standard operating procedure committed under R-37 and Board CAP action 1.5.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	July 31, 2027

Observation 58 — Purchase Authorization: \$3,500 - \$24,999 · Report p. 42

Observation: *Out of 45 samples tested, CLA observed the following:* • PO 2516496 had an expired equipment lease attached as support and evidence was not readily available to substantiate a valid, current contract. • PO 2530512 for services referenced a PAF and a need for a contract in the internal notes within APECS, but no contract was issued and evidence was not readily available for the PAF. Documented rationale was not available within APECS for the deviation from policy which requires a PAF and contract for professional services. • PO 2510384 for bus fuel was made under a valid and active contract, but the rate used in the PO did not agree to the fuel rate in the contract and there was a lack of evidence (i.e. quote) to support the purchase price used.

Recommendation: *CLA recommends the following:* • All Buyers and Procurement staff receive training regarding the required procedures and supporting documentation for each requisition and PO in order to process an approval. • Process enhancements be implemented to include an independent review by a senior staff member of approved requisitions that are held in a batch within APECS awaiting release and printing of the PO. An independent review of approved requisitions should include verifying key information and required supporting documentation is included with the requisition prior to releasing the PO. The review should be completed by a staff member that did not act as the approving Buyer on the requisitions. • Regular internal audits over procurement activity could help identify non-compliance timelier to enforce corrective actions.

Position	Agree
Corrective action	The control weakness described — purchases between \$3,500 and \$24,999 processed without a valid current contract, a Purchase Advisory Form, or pricing support — is addressed by the corrective actions committed under R-22, R-25, R-28, R-29 and R-109: Buyers and Procurement staff are trained on the documentation required for each requisition and purchase order, and an independent senior-staff review of approved requisitions held in batch verifies key information and supporting documentation before the purchase order is released. Corrective action, responsible position and anticipated timeline for this observation are as stated at those items.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	July 31, 2027

Observation 63 — Procurement Procedures · Report p. 46

Observation: *While there is a Procurement Manual published, CLA noted detailed desktop procedures for procurement are not in place to standardize and direct completion of step-by-step processes and controls within the department. The absence of documented department procedures increases the likelihood of inconsistent work practices, errors, and knowledge gaps across staff.*

Recommendation: *CLA recommends Procurement management create desktop procedures for staff to assist them in completion of their day-to-day job responsibilities, and formally review and document procedure updates, at a minimum annually.*

Position	Agree
Corrective action	Procurement management will create desktop procedures for staff covering the step-by-step completion of day-to-day responsibilities, retained in a shared location accessible to department staff, formally reviewed and updated at least

	annually and whenever processes or controls change. The desktop procedures will align with the Procurement Services Manual and with procurement and contract policy but will exist as a separate, more detailed document.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	December 31, 2027

Observation 64 — Procurement Key Process Indicators · Report p. 47

Observation: At the time of review, CLA noted the procurement department had not formally defined, documented, or monitored KPIs to evaluate procurement timeliness, adherence to approval and competitive procurement requirements, or service quality provided to internal stakeholders. Without KPIs, management may be unable to consistently assess procurement performance or identify noncompliance with purchasing policies and approval thresholds, increasing the risk of unauthorized purchases, delayed procurements, or operational disruptions.

Recommendation: CLA recommends management develop and implement KPIs for the procurement department to support effective oversight of the procure-to-pay lifecycle. KPIs should be aligned with procurement objectives and policy requirements, assigned to accountable owners, and reviewed on a recurring basis by management.

Position	Agree
Corrective action	Procurement management will develop and implement key process indicators for the procurement department covering the procure-to-pay lifecycle — procurement cycle time, adherence to approval and competitive procurement requirements, and service quality to internal stakeholders — aligned with procurement objectives and policy requirements, assigned to accountable owners and reviewed on a recurring basis by management. The indicators will be developed alongside the contract lifecycle indicators at IC-51 and reported through the District's quarterly Contract Impact Reports, in which the Office of Research and Performance Management reports indicators against each Board-approved contract's scope, execution and outcomes to the Board, so that procurement and contracting are measured within one reporting cycle rather than two.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	December 31, 2027

Observation 65 — Code of Federal Regulation Adherence · Report p. 47

Observation: CLA was able to conclude the entity generally complies with the Code of Federal Regulation standards through documented guidelines in the Procurement Services Manual as well as general terms and conditions that are included in the standard Invitation for Bid forms. However, notes there is not a comprehensive mapping document to support how MSCS complies with each standard, and CLA could not locate any documented discussion regarding topic S200.323, Procurement of Recovered Materials. The absence of a mapping document which outlines how the entity complies with the Code of Federal Regulation could unintentionally result in non-compliance. CLA noted there were no monitoring or reporting controls implemented for Out of Compliance Letters during fiscal year 2025, as they were processed outside of the APECS system. Without a control to identify the population of Out of Compliance letters, there was no sample and subsequent testing CLA was able to perform.

Recommendation: CLA recommends MSCS formally maintain a document which maps their compliance to each component of the Procurement Standards within the Code of Federal Regulation in order to verify policies and procedures are in place to adhere to the Code.

Position	Agree
Corrective action	The District generally complies with the Code of Federal Regulations procurement standards (2 CFR 200.318 through 200.326) through the Procurement Services Manual and the general terms and conditions in the standard Invitation for Bid, as the audit concludes. The District will formally maintain a document mapping its policies and procedures to each component of the Procurement Standards, including 2 CFR 200.323, Procurement of Recovered Materials, so that adherence to each standard can be verified from a single reference. The mapping document will be maintained by Procurement Services and reviewed with the Procurement Services Manual.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	May 20, 2027

Accounts Payable

Observation 66 — Out of Compliance Letters · Report p. 48

Observation: CLA noted there were no monitoring or reporting controls implemented for Out of Compliance Letters during fiscal year 2025, as they were processed outside of the APECS system. Without a control to identify the population of Out of Compliance letters, there was no sample and subsequent testing CLA was able to perform.

Recommendation: CLA recommends implementing a monitoring control to track Out of Compliance Letters processed by the AP department. Per AP, they are automating the facilitation and sign-off of Out of Compliance Letters into APECS. A monitoring control for Out of Compliance Letters should also be implemented to verify Letters are being processed timely and accurately.

Position	Agree
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Corrective action	The control weakness described — no monitoring or reporting control over Out of Compliance Letters, which were processed outside APECS during fiscal year 2025 — is addressed by the corrective action committed under R-127: a centralized repository for Out of Compliance Letters and related documentation, with Accounts Payable automating the facilitation and sign-off of the letters within APECS so that the population can be identified, sampled and verified for timely and accurate processing. Corrective action, responsible position and anticipated timeline for this observation are as stated at R-127 and R-29.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

Observation 67 — Computer Equipment Procurement · Report p. 48

Observation: *CLA noted computer equipment procured did not require Information Technology's approval during the 2025 fiscal year. Computer equipment being acquired or issued without IT review and approval exposes MSCS to increased risk that non-standard or unsupported devices enter the environment, which may result in security vulnerabilities, data protection issues, ineffective asset tracking, and higher support and maintenance costs.*

Recommendation: *CLA recommends purchasing departments obtain IT's approval before computer equipment is purchased. AP recently began adding IT's approval for items which weren't previously part of catalogue approvals.*

Position	Agree
Corrective action	Purchasing departments will obtain Information Technology's approval before computer equipment — laptops, desktops, monitors, peripherals and mobile devices — is purchased or issued, so that requested equipment aligns with technology standards, security requirements and lifecycle management. Accounts Payable has begun adding IT approval for items that were not previously part of catalogue approvals, and the requirement will be applied to all computer equipment requisitions in APECS.
Responsible	LaQueeya Braxton, Director of Procurement; with Rodney "Adam" Young, Executive Director of IT Operations (IT approval) and Paula Young, Manager of Accounts Payable (approval evidence at payment)
Anticipated completion	March 12, 2027

Observation 68 — Accounts Payable Aging Review · Report p. 49

Observation: *CLA noted Accounts Payable currently does not run an aged AP listing for review. Per conversations with AP no periodic review of aged AP is performed. This is a common procedure and or practice. Issues related to not performing this procedure include, risk of overstated Liabilities and Expenses, budget compliance risk, cutoff and risk. Not regularly assessing accounts payable aging increases likelihood of carrying inaccurate or invalid liabilities on its books, increasing the risk of misstated financial reports and weakened budget oversight.*

Recommendation: *CLA recommends Management generate an aged payables report at least monthly, reviewing all items exceeding established aging thresholds, investigating invoices that appear past due, unmatched, duplicated, or no longer valid. Staff should document the disposition of aged items, and a supervisor should review and approve the completed aged-payables analysis to verify timely follow-up, escalation of unresolved items, and adherence to district policy.*

Position	Agree
Corrective action	Accounts Payable currently monitors invoice aging as part of its ongoing review process. In addition, an "Errors Not Received" report is distributed every other week to assist in identifying outstanding items and following up on invoices that remain unresolved. This process has been established in the Accounts Payable standard operating procedures since 2019. To further strengthen the process, Accounts Payable has implemented an Out-of-Compliance (OOC) procedure for invoices that have remained outstanding for 90 days or longer. These items are referred to Procurement for review and issuance of an OOC letter, when appropriate. These procedures are intended to provide ongoing monitoring of aged and unresolved invoices and to facilitate timely follow-up with the appropriate departments.
Responsible	Paula Young, Manager — Accounts Payable
Anticipated completion	Completed — no anticipated completion date

Observation 69 — Payment Processing · Report p. 49

Observation: *CLA noted two of 15 samples (13%) tested where the MSCS payment file did not reconcile to the amount disbursed by the vendor. The amounts were minor compared to the total disbursement and management acknowledged the outliers. Unreconciled differences between the district's payment file and vendor disbursed amounts, even when individually small, signal weaknesses in payment accuracy, financial controls, and oversight.*

Recommendation: *CLA recommends management formalize their reconciliation process to verify all MSCS payment files fully match the amounts disbursed by vendors before payments are finalized, and discrepancies are investigated and dispositioned. While these files were maintained separately in employees' filing cabinets, based on who completed the reconciliation for the payment run, we recommend establishing a spreadsheet retained on a shared department drive for completing the reconciliation control, as well as storing electronic reports and third-party email confirmations. The employee performing the reconciliation and supervisor reviewing and approving that any differences have been addressed can be documented on the shared document.*

Position	Agree
Corrective action	The AP Manager reviews both the trial and final payables during each payable cycle. As part of this review, all identified variances are documented, including the reason for each variance. The two samples identified in the audit were exceptions to the normal process. The reasons for the variances associated with these samples were identified and provided to the audit team in February 2026. Accounts Payable will continue to document and review variances during each payable cycle to ensure that exceptions are identified, explained, and appropriately supported. Accounts Payable will implement the recommended spreadsheet reconciliation, retained on the department shared drive together with the trial and final payables reports and the bank confirmation for each payment run, recording the employee who performed the reconciliation and the supervisor who reviewed and approved the disposition of any difference.
Responsible	Paula Young, Manager — Accounts Payable
Anticipated completion	March 12, 2027

Observation 70 — Purchases >\$3,500 · Report p. 50

Observation: CLA noted two of 40 samples (5%) tested for disbursements greater than \$3,500 noted no authorization and/or account coding. Disbursements tested included large contracts with ongoing purchase orders with no significant issues noted, with management acknowledging the exceptions. In addition, the Forensic Audit report included in Volume II notes disbursement process related deficiencies, including incomplete or missing supporting documentation. Despite these deficiencies, the transactions reviewed appeared to reflect legitimate District business activities and were approved within the APECS system. While these matters do not indicate fraud, waste, or abuse, they reflect noncompliance with District documentation requirements and internal control weaknesses. Payments processed without documented approval or account coding increases the risk of unauthorized expenditures and misclassification of financial activity.

Recommendation: CLA recommends staff responsible for processing payments should verify each invoice or payment request contains the appropriate approval, funding source, and expenditure coding, and return incomplete documentation to the originating department for correction prior to payment. A supervisory review/reporting could be implemented to confirm exceptions are identified, investigated, and resolved.

Position	Agree
Corrective action	Accounts Payable requires and has required the appropriate signature on all service invoices and blanket purchase orders prior to processing for payment. This process has been established in the Accounts Payable standard operating procedures since June 2019. The two samples identified in the audit were processed without the required signatures. The employee responsible for processing these items is no longer employed by the District. However, both purchase orders were fully received in APECS at the time the related invoices were processed, providing confirmation within the system that the goods or services had been received. Accounts Payable will continue to reinforce the signature requirement with staff and ensure that all required supporting documentation and approvals are obtained prior to processing invoices for payment.
Responsible	Paula Young, Manager — Accounts Payable
Anticipated completion	Completed — no anticipated completion date

Observation 71 — Purchases <\$3,500 · Report p. 50

Observation: CLA noted one of 25 samples (4%) tested for disbursements less than or equal to \$3,500 noted no authorization and or account coding, with management acknowledging the outlier. Payments processed without documented approval or account coding increases the risk of unauthorized expenditures and misclassification of financial activity. CLA noted that while Payroll leverages a checklist document to reference during payroll processing, preparer and supervisor sign-off is not documented for each payroll cycle. Without documented evidence that required payroll steps were performed each cycle, the district cannot demonstrate that key controls, such as verifying personnel changes, reviewing time and attendance data, validating deductions, and reconciling payroll totals, were executed consistently. This increases the likelihood of payroll errors, missed steps, unauthorized changes, and incorrect payments going undetected. CLA noted Payroll staff complete the process of completing exception reporting between each trial payroll run and the final payroll run. However, reports reviewed are not retained, and individuals performing the review do not document the actions of their review and actions taken related to the review, to document the control. When payroll exception reports are reviewed but not formally documented, the District lacks verifiable evidence key payroll controls were performed. Without clear documentation of who reviewed exceptions, what issues were identified, and how they were resolved, there is an increased risk errors, unauthorized pay changes, or fraudulent activity may go undetected. For fiscal year 2025, CLA noted manual payroll checks numbered #38459 through #38466 were issued; however, checks #38463 and #38464 did not appear in the CHECKREG downloads. Management reported that the manual check log was missing and may have been inadvertently discarded during front desk staff turnover. As a result, documentation supporting the issuance and sequence of manual checks was incomplete. In addition, per inquiry with staff, it was noted the individuals picking up settlement checks did not sign or date the check log upon obtaining the check. Failure to maintain complete and accurate records for manual checks increases the risk of lost, misappropriated, or unauthorized payments.

Recommendation: CLA recommends staff responsible for processing payments should verify each invoice or payment request contains the appropriate approval, funding source, and expenditure coding, and return incomplete documentation to the originating department for correction prior to payment. A supervisory review/reporting could be implemented to confirm exceptions are identified, investigated, and resolved.

Position	Agree
Corrective action	The sample identified in the audit was processed without the required signature. While the purchase order had been fully received in APECS, which provided documentation that the service had been completed, the required signature

	should have been obtained in accordance with District policy. The employee responsible for processing the document is no longer employed by the District. The requirement for the appropriate signature has been an established AP SOP policy since 2019 and remains a required control within the Accounts Payable process. Going forward, staff responsible for processing payments verify that each invoice or payment request carries the appropriate approval, funding source and expenditure coding, and return incomplete documentation to the originating department for correction before payment is made. A supervisory review confirms that exceptions are identified, investigated and resolved, with the resolution recorded; exceptions are also captured through the Out of Compliance Payment Accountability and Progressive Discipline Process effective July 7, 2026.
Responsible	Paula Young, Manager — Accounts Payable
Anticipated completion	Completed — no anticipated completion date

Observation 72 — Accounts Payable Key Process Indicators · Report p. 51

Observation: *The AP function processes a high volume of payments and is critical to financial stewardship, compliance with payment terms, and vendor relationships. Currently, management does not utilize defined KPIs to monitor the effectiveness, efficiency, and timeliness of AP operations. In the absence of KPIs, management may not have sufficient visibility into AP performance, increasing the risk of possible operational deficiencies going undetected and being addressed.*

Recommendation: *CLA recommends management develop and implement a set of KPIs for AP to support ongoing monitoring of process effectiveness, timeliness, and control performance. KPIs should be clearly defined, aligned with AP objectives and risks, supported by reliable data sources, and reviewed on a recurring basis by management.*

Position	Agree in part
Corrective action	The APECS system tracks the number of invoices processed by each Accounts Payable associate. Invoices are received by email and entered manually into APECS, and the department's practice is to complete initial entry within three business days of receipt. An invoice's receipt does not mean it is ready for payment: an invoice may require additional documentation, approvals, signatures or clarification, and is returned to the originating department or the vendor until that is supplied. Time spent obtaining that information is outside the department's control and affects total elapsed time from receipt to payment. Accounts Payable will define and report the indicators available from current practice: invoice volume by associate, initial entry within three business days of receipt, invoices returned for incomplete documentation, and aged unresolved invoices referred for an Out-of-Compliance letter at ninety days. The indicators will be reviewed by the Manager of Accounts Payable on a recurring cycle with the review recorded. For elapsed time from invoice receipt to payment, Accounts Payable will determine with Information Technology and the system vendor whether APECS can capture a receipt date supporting that measure, and will implement the measure if it can. Where a component of elapsed time is attributable to another department or to a vendor rather than to Accounts Payable, the indicator will distinguish it.
Responsible	Paula Young, Manager — Accounts Payable
Anticipated completion	March 12, 2027

Payroll

Observation 73 — Payroll Processing Checklist · Report p. 51

Observation: *CLA noted that while Payroll leverages a checklist document to reference during payroll processing, preparer and supervisor sign-off is not documented for each payroll cycle. Without documented evidence that required payroll steps were performed each cycle, the district cannot demonstrate that key controls, such as verifying personnel changes, reviewing time and attendance data, validating deductions, and reconciling payroll totals, were executed consistently. This increases the likelihood of payroll errors, missed steps, unauthorized changes, and incorrect payments going undetected.*

Recommendation: *CLA recommends Payroll update and complete the payroll checklist for each payroll cycle, from pre-processing through final payroll submission. Management should verify the checklist: • Reflects every required payroll activity, including preparatory steps, exception report reviews, reconciliations, approvals, and pos-processing tasks e Is reviewed and updated regularly to reflect system changes, policy updates, and process enhancements e Is used consistently by payroll staff for every payroll run to ensure all required steps are completed e Includes documented evidence of completion to support accountability and provide an audit trail.*

Position	Agree
Corrective action	The payroll processing checklist has been revised to include preparer and supervisor sign-off every cycle, covering pre-processing through final submission, stored in a centralized repository auditable by cycle and reviewed regularly for system changes. The repository is shared with the exception-report record at IC-74. This control is effective with the September 8, 2026 payroll.
Responsible	Jason Mayse, Director of Payroll
Anticipated completion	Completed — no anticipated completion date

Observation 74 — Exception Reporting · Report p. 52

Observation: *CLA noted Payroll staff complete the process of completing exception reporting between each trial payroll run and the final payroll run. However, reports reviewed are not retained, and individuals performing the review do not document the actions of their review and actions taken related to the review, to document the control. When payroll exception reports are reviewed but not formally documented, the District lacks verifiable evidence key payroll controls were performed. Without clear documentation of who reviewed exceptions, what issues were identified, and how they were resolved, there is an increased risk errors, unauthorized pay changes, or fraudulent activity may go undetected.*

Recommendation: *CLA recommends the following for exception reports generated between the trial payroll run and the final payroll: • Retain copies of all exception reports as part of the payroll processing record e Reviewer documents evidence of their review e Document resolution of exceptions, including supporting documentation for adjustments e Supervisory review to confirm reports and related documentation are complete and retained in accordance with record retention requirements.*

Position	Agree
Corrective action	Exception reports are currently maintained each pay period by the Payroll Manager. Notations are made for items that require intervention. Most items listed on the report are for information purposes only and do not require corrections. Effective with the September 8, 2026 payroll, the manager or payroll associate responsible for correcting issues identified on the exception report will make a note on the report detailing any changes made and initial by the line item. This control is effective with the September 8, 2026 payroll.
Responsible	Jason Mayse, Director of Payroll
Anticipated completion	Completed — no anticipated completion date

Observation 75 — Manual Checks · Report p. 52

Observation: *For fiscal year 2025, CLA noted manual payroll checks numbered #38459 through #38466 were issued; however, checks #38463 and #38464 did not appear in the CHECKREG downloads. Management reported that the manual check log was missing and may have been inadvertently discarded during front desk staff turnover. As a result, documentation supporting the issuance and sequence of manual checks was incomplete. In addition, per inquiry with staff, it was noted the individuals picking up settlement checks did not sign or date the check log upon obtaining the check. Failure to maintain complete and accurate records for manual checks increases the risk of lost, misappropriated, or unauthorized payments.*

Recommendation: *CLA recommends management perform the following: • Re-establish and maintain a complete manual check log documenting all issued, voided, spoiled, and unused check numbers. • Require authorized personnel to sign and date documentation acknowledging receipt of manual checks. • Perform periodic reconciliations between the manual check log, checks on hand, payroll registers, and bank activity. • Retain all supporting documentation for manual checks.*

Position	Agree
Corrective action	Same control as R-86 and R-87 — the manual check log has been maintained. The log in question was missing as it was discarded during front-desk employee turnover. The log has been re-established consistent with prior departmental controls. The two checks in question are reissues of prior-year checks that were still outstanding, and are reflected in APECS when searching by check number.
Responsible	Jason Mayse, Director of Payroll
Anticipated completion	Completed — no anticipated completion date

Accounting & Reporting

Observation 76 — Chart of Account (COA) Management · Report p. 53

Observation: *CLA noted the following with the COA: COA ownership has not been defined; Centralized approvals are not required for adds/changes/deletes; Monitoring/reporting of COA changes is not performed. In addition, departments outside of Accounting & Reporting can create new GL accounts, requests can be made directly to the vendor by district departments to make COA changes, and duplicative names exist within the COA. Lack of COA ownership, centralized approvals, and monitoring increases the risk of unauthorized or duplicative GL account changes, resulting in misclassified transactions and unreliable financial reporting.*

Recommendation: *CLA recommends management perform the following: Establish formal Policy with COA Ownership (e.g., Controller/Accounting & Reporting). Limit the ability to create/modify GL accounts to a role based group within the responsible department. Require all COA changes (add/change/inactivate) be submitted via a standard request form/workflow explaining the purpose of the request and approval is required by COA owner or delegate. Remediate duplicative account names, inactivate unused/duplicate accounts, and confirm correct mapping to financial statement lines, budget categories, and management reporting. Changes to existing accounts have a new account created for data integrity purposes. Perform and document review of periodic reporting on changes.*

Position	Agree
Corrective action	Chart of accounts management operates through a documented request, review and approval process: requests for a new department or program/project code are submitted to the Accounting and Reporting mailbox with justification and are approved or denied; on approval the code is added to APECS and the requestor submits account numbers for loading, each validated for a correct function-object-department-location combination, with invalid lines rejected and

	the requestor notified. The ledger is periodically reviewed to identify invalid segments, which are frozen and marked 'do not roll forward'. These practices will be documented as formal chart-of-accounts policies and procedures.
Responsible	Leslie Knighten, Controller, Accounting and Reporting
Anticipated completion	June 30, 2027

Observation 77 — Journal Entry Processing · Report p. 53

Observation: MSCS personnel prepare journal entries with all receiving final approval from the Accounting & Reporting Controller. CLA noted the following related to journal entries: • The system allows users to bypass, insert, or substitute approvers within the workflow, and formal exception reporting over bypassed or substituted approvals does not exist. • Journal Entry support is inconsistently retained within the system of record. • Final approval is heavily concentrated with one individual, creating personnel dependency. Due to these workflow design limitations, journal entries may be approved without the intended management level of supervisory accountability, increasing the risk of unauthorized, unsupported, or inaccurate entries being recorded.

Recommendation: CLA recommends management perform the following related to journal entry approval design: • Formally define approval routing expectations for journal entries, including when department managers and supervisors are required to review entries impacting their areas. In addition, implement exception reporting over bypassed, substituted, or otherwise nonstandard approvals and review the report periodically. • Require all journal entry support to be centrally retained within the system of record, or in a formally designated repository linked to the journal entry, before the entry can be approved and posted. • Establish backup approvers with sufficient accounting knowledge to reduce key person dependency while maintaining segregation of duties.

Position	Agree
Corrective action	Accounting and Reporting will formally define approval routing expectations for journal entries, including when a department manager or supervisor is required to review an entry affecting their area, and will document those expectations in the journal entry procedure. Exception reporting will be implemented over bypassed, substituted or otherwise nonstandard approvals, and the report will be reviewed periodically by the Controller with the disposition of each exception recorded. Journal entry support will be retained centrally within the system of record or, where the system cannot hold the support, in a formally designated location that is identified in the procedure and retrievable by entry number. The existing entry-level controls committed under R-2 remain in force: an entry is not approved unless debits and credits agree, supporting documentation totals match the face of the entry, a summary appears in the description field, a detailed purpose and justification appears in the notes, and each line carries a description.
Responsible	Leslie Knighten, Controller, Accounting and Reporting, with Rodney "Adam" Young, Executive Director of IT Operations (exception reporting from APECS)
Anticipated completion	June 30, 2027

Observation 78 — Reconciliation Completion · Report p. 54

Observation: MSCS accounting personnel prepare and review reconciliations monthly. CLA noted the following related to reconciliation documentation and aging: • Preparer and approver sign-off is not consistently formalized on all reconciliations. • Reconciling items are not always consistently dated within the reconciliation. A formal policy for clearing, escalating, or writing off aged reconciling items is not documented, although 90 days is used informally in some areas. Inconsistent sign-off and aging documentation reduces accountability and makes it more difficult to determine whether reconciliations were completed timely and whether old reconciling items were appropriately resolved.

Recommendation: CLA recommends management perform the following related to reconciliation documentation: • Standardize reconciliation templates to include preparer name, reviewer name, and preparation/review dates within the workbook. • Require reconciling items to include transaction or identification dates and clear explanatory support. In addition, formally define aging, escalation, and write-off expectations for reconciling items, including a review threshold such as 90 days, as appropriate.

Position	Agree
Corrective action	Accounting and Reporting will standardize the reconciliation templates so that each reconciliation records the preparer's name, the reviewer's name and the preparation and review dates within the workbook itself. Reconciling items will be required to carry the transaction or identification date and a clear explanatory support reference. The District will formally define aging, escalation and write-off expectations for reconciling items, including a review threshold at 90 days, with items exceeding the threshold escalated to the Controller and the disposition documented. The month-end close checklist committed under IC-83 identifies each reconciliation, the person responsible and the evidence of completion.
Responsible	Leslie Knighten, Controller, Accounting and Reporting
Anticipated completion	March 12, 2027

Observation 79 — Reserves & Special Projects · Report p. 55

Observation: MSCS calculates year-end reserves and rollover balances for restricted projects and special revenue activity. CLA noted the following related to reserve and project balance monitoring: Certain projects accumulate significant balances year over year without formal thresholds for when review or intervention is required. Management monitoring occurs, but documented spending plans are not consistently required for projects

with large rollover balances. The current process allows balances to remain in place without a formal action plan to explain timing or purpose of future use. In the absence of defined thresholds and required action plans, restricted balances may accumulate inappropriately and funds may effectively function as informal reserves rather than being used for their intended purpose.

Recommendation: CLA recommends management perform the following related to reserve and project balance monitoring: Establish review thresholds for project and reserve balances that trigger management follow-up. Require documented spending or action plans for projects with large or growing rollover balances. Periodically review significant balances with responsible program leadership and document conclusions regarding the continued need for the balance. Align reserve and rollover monitoring expectations within a formal SOP or policy guidance document.

Position	Agree
Corrective action	The District will establish administrative rules and regulations accompanying Board Policy 2006 setting the threshold and treatment for project-level grants — including donations received in advance and unspent balances carried across fiscal years, with reclassification from general funds to special projects where appropriate to close a project out — and will present them to the Board as a point of information. Accounting and Reporting will document the accompanying procedure and post the protocol so that it is readily accessible.
Responsible	Leslie Knighten, Controller, Accounting and Reporting (procedure), with Maria Stewart, Governmental Affairs and Compliance Manager (administrative rules under Policy 2006)
Anticipated completion	May 20, 2027

Observation 80 — Backup Establishment · Report p. 55

Observation: CLA noted backups have not been established for key process and control activities within the Accounting & Reporting department. Insufficient cross-coverage in the accounting department may result in delays, errors, or missed control activities when key personnel are unavailable.

Recommendation: Management should designate and train backups for key accounting processes and control activities to help ensure responsibilities are performed timely and consistently when primary personnel are unavailable.

Position	Disagree
Corrective action	Management acknowledges the recommendation; however, implementation is not feasible under the current staffing structure. The Accounting & Reporting Department does not have a second management-level accounting position with the knowledge, authority, and independence necessary to serve as a backup approver for journal entries. Allowing accountants or senior accountants to approve journal entries would weaken segregation of duties and increase control risk. Therefore, the recommendation cannot be implemented without the addition of qualified management-level accounting personnel.
Responsible	Leslie Knighten, Controller, Accounting and Reporting
Anticipated completion	Not applicable — reasoned disagreement

Observation 81 — Mileage Reimbursement · Report p. 56

Observation: MSCS requires mileage claims to be submitted through the TRIPS portal with manager approval and accounting review. CLA noted the comments field used to describe the purpose of each trip is not required by the system. Claims without sufficient comments may be returned manually by accounting for correction. The control therefore relies on a downstream review to identify incomplete requests rather than preventing submission of incomplete claims. Because required trip purpose information is not system-enforced, mileage claims may be submitted incomplete, increasing administrative rework and the risk of insufficient support for reimbursement.

Recommendation: CLA recommends management request the portal administrator to configure the comments field as a required field for each mileage trip entry.

Position	Agree
Corrective action	Mileage reimbursement requires a completed claim supported by the business purpose and the points travelled, reviewed and approved before payment. Accounting and Reporting will confirm the documentation standard in written procedure and apply it consistently to all mileage claims.
Responsible	Leslie Knighten, Controller, Accounting and Reporting
Anticipated completion	June 30, 2027

Observation 82 — Expense Monitoring · Report p. 56

Observation: MSCS has a defined process for travel requisitions, approvals, support review, and monitoring. CLA noted the following related to travel monitoring analytics: • Formal monthly or quarterly analytics over travel spend by school, department, or request center are not performed. Without periodic analytical monitoring, unusual travel trends or excessive spending by location may not be identified timely even when individual transactions are approved appropriately.

Recommendation: CLA recommends management perform the following related to travel monitoring: • Develop recurring travel analytics by school, location, or request center, including total spend and average number of staff, to identify outliers. • Require periodic management review of the resulting analytics and documented follow-up on significant anomalies.

Position	Agree
Corrective action	Recurring travel analytics will be developed by school, location and request center, reporting total travel spend and the average number of staff traveling, so that outliers can be identified. Information Technology will produce the underlying report from APECS, which Accounting and Reporting cannot build directly, and Accounting and Reporting will perform the analysis. Management review of the analytics will be performed on a periodic cycle, with significant anomalies followed up and the follow-up documented. The travel justification control committed under R-1 continues to apply to each individual request.
Responsible	Leslie Knighten, Controller, Accounting and Reporting, with Rodney "Adam" Young, Executive Director of IT Operations (APECS report)
Anticipated completion	June 30, 2027

Observation 83 — Month-End Close Checklist · Report p. 57

Observation: *CLA observed that while the Accounting & Reporting team maintains month-end close checklists, checklist completion is not consistently formalized or evidenced across the process. Incomplete or inconsistently completed month-end close checklists increase the risk key close activities are missed, delayed, or not evidenced, which may result in incomplete or inaccurate financial information.*

Recommendation: *CLA recommends management formalize the month-end close checklist process by requiring each assigned task to be completed, documented, and retained each period, with clear preparer ownership, completion dates, and reviewer sign-off.*

Position	Agree
Corrective action	Accounting and Reporting will maintain a documented month-end close checklist identifying each closing task, the person responsible, the sequence and the evidence of completion, reviewed by the Controller at each close.
Responsible	Leslie Knighten, Controller, Accounting and Reporting
Anticipated completion	May 20, 2027

Observation 84 — Donated Asset Categorization · Report p. 57

Observation: *During the 2025 fiscal year, CLA noted three groupings of asset additions incorrectly categorized as donations by non-Accounting & Reporting personnel. These three groupings included 2,023 assets totaling more than \$853,361. Assets were properly categorized during the course of the audit, and an additional categorization was established to better identify transfers of equipment to the District. For fiscal year 2025, there were 171 actual items donated totaling \$153,385. Misclassification of asset additions as donations by personnel increases the risk of misstated capital asset records and financial reporting, including inaccurate contribution revenue, asset valuation/disclosure, and supporting documentation.*

Recommendation: *CLA recommends policy alignment for "a process by which all grants, gifts, donations, and sponsorships are requested, received and administered. The process at minimum shall establish proper internal controls over monitoring and compliance requirements; accounting and financial reporting; and program administration." This could include centralization of classification authority, standardization of intake documentation, periodic training and alignment between responsible departments, as well as ongoing monitoring. Appropriate policies and procedures should be updated to align with process and control determinations to align with policy.*

Position	Agree
Corrective action	Donated assets that meet the criteria as trackable are reported to Asset Management and categorized in the Fixed Asset Management System, recording the donating party, the acquisition value assigned and the funding source as donated, so that donated equipment is distinguishable from purchased equipment in the inventory record and reported accordingly. Page 7 of the Inventory Procedures Manual sets out the process for District employees to report donated assets to Asset Management, and Asset Management has confirmed with Facility Services that all trackable donations, including those approved by the Board of Education, are reported.
Responsible	LaTanya "Tammy" Bradford, Director of Asset Management, with Leslie Knighten, Controller, Accounting and Reporting
Anticipated completion	May 20, 2027

Observation 85 — Warehouse Fleet & Fuel Tracking · Report p. 58

Observation: *CLA noted the following:* • *HR is currently not integrated into the control environment for fuel card and fleet budget alignment, resulting in active fuel cards being assigned to terminated employees. Notification of termination is currently placed on other departments to notify the Warehouse, not a centralized source.* • *While fuel cards are vehicle specific and usage is tracked in the E.J. Ward system, Accounting lacks visibility into current vehicle-to-employee assignments and budget codes tied to those vehicles for accurate financial recording.* • *E.J. Ward data is provided to Information Technology for upload into APECS, as opposed to responsible Warehouse personnel performing the upload.* • *Multiple cards per employee, shared vehicles among rotating drivers, and vehicles in Security and Warehouse assigned to supervisors rather than individual drivers. Lack of alignment between departments, as well as a centralized tracking record linking vehicles and fuel cards to current employees and budget codes, increases the risk of unauthorized fuel usage, misallocation of fuel costs across schools or departments, and misstatement of expenditures at the school, department, or program level.*

Recommendation: *CLA recommends responsible Warehouse management perform the following:* • *Maintain a single master assignment record that ties each vehicle (or pooled vehicle group) and fuel card to the current authorized driver(s) (or pool) and default budget code.* • *Implement a control communicating HR termination data to responsible Warehouse personnel for updating records and timely deactivation of necessary fuel cards.*

Automation between applications should be implemented, where possible. • Provide Accounting access to the master record, system of record, or system reporting for budget and expense accounting purposes. • Uploading of data into APECS by responsible Warehouse personnel, as well as periodic exception monitoring to identify inactive employees, unassigned vehicles, and miscoded fuel charges for corrective action.

Position	Agree
Corrective action	Warehouse management will maintain a single master assignment record tying each vehicle, or pooled vehicle group, and each fuel card to the current authorized driver or pool and to a default budget code, so that every fuel transaction can be attributed to a vehicle, a driver and a cost center. Human Resources will provide separation notifications to the Warehouse through the district-wide offboarding workflow at IC-22, so that fuel cards assigned to separated employees are deactivated on notification rather than on discovery; where the E.J. Ward system and the HR system of record can be linked, that notification will be automated. Accounting and Reporting will be given access to the master assignment record and to E.J. Ward reporting so that fuel expense can be recorded against the correct budget code without a manual inquiry to the Warehouse. Warehouse personnel will upload fuel transaction data into APECS on a defined cycle, and periodic exception monitoring will identify fuel charges against inactive employees, unassigned vehicles, and miscoded transactions, with each exception investigated and its resolution recorded. The existing weekly cycle counts and tank-to-inventory reconciliation by the Fuel Department Supervisor continue and are reported to the Director II — Business Operations. The master assignment record and HR notification control are in place by March 12, 2027; the APECS upload cycle and exception monitoring by June 30, 2027.
Responsible	Stephen Wherry, Director II — Business Operations, with Crystal R. Oliver, Chief of Human Resources (separation notification), Leslie Knighten, Controller, Accounting and Reporting (access and expense recording) and Rodney “Adam” Young, Executive Director of IT Operations (E.J. Ward–APECS data)
Anticipated completion	June 30, 2027

Observation 86 — Fee Waivers · Report p. 59

Observation: CLA noted departments and schools processing fee waivers for non-permitted items under the fee waiver program (i.e., warehouse purchases, diploma seals, copy paper). Processing fee waivers for non-permitted items increases the risk of noncompliance with Board Policy 2047 and applicable state guidance. Additionally, improper use of fee waivers may divert limited waiver capacity and funding away from permitted student needs, reducing resources available for eligible items.

Recommendation: CLA recommends Accounting & Reporting perform the following: • Communicate written guidelines, available to all departments on a district shared site, and provide training to applicable areas and staff. • Create an approval workflow, either within or outside of the system, for department management to sign-off on fee-waivers signifying their approval of appropriateness of the categorizing. • Work with the vendor to block or flag ineligible transaction types, where possible. • Create exception reporting that is reviewed regularly (e.g. monthly), to verify proper coding and communicate improper coding to department heads for correction.

Position	Agree
Corrective action	Fee waivers are validated and processed for payment by Accounts Payable against the criteria in Board policy, with each waiver approved and the approval recorded with the payment; Budget Services allocates the annual fee-waiver budget at the school level. Accounts Payable will document the validation criteria, the approval authority and the record retained for each waiver in written guidelines, publish those guidelines on a District shared site available to all departments, and provide training to the applicable areas and staff. An approval workflow will be established, within the system or alongside it, through which department management signs off on a fee waiver and thereby confirms that the categorization is appropriate. The District will work with the vendor to block or flag ineligible transaction types where the system permits, and will produce exception reporting that is reviewed on a recurring cycle with the disposition of each exception recorded.
Responsible	Leslie Knighten, Controller, Accounting and Reporting, with Paula Young, Manager of Accounts Payable (payments made without a purchase order) and Felicia Freeney Ollie, Director of Budget and Fiscal Planning (annual fee-waiver budget allocation)
Anticipated completion	May 20, 2027

Observation 87 — Inventory - Recording · Report p. 59

Observation: CLA noted the items below were purchased with ESSER funds and recorded in the inventory system at zero acquisition cost, and not actual acquisition cost: • Bottled water - 19,000 cases acquired at a cost of \$96,900. • Textbooks - 197,836 textbooks acquired; cost unable to be determined based on inconsistent tracking. Recording inventory at zero cost may result in understated assets on the financial statements and could obscure actual utilization of ESSER funds. Furthermore, maintaining accurate inventory records is essential for transparency to verify federal funds are used appropriately and can be properly tracked for financial reporting purposes. CLA noted that eight of the 20 (40%) schools tested had one or more exceptions related to required checklist sign-off documentation. Specifically, the annual School-Level Monitoring Checklist did not include the required sign-off and/or date by the assigned Federal Programs designee and/or the school's Professional Learning Community coach. Incomplete School-Level Monitoring Checklist approvals reduce evidence of oversight and may result in noncompliance with Title I monitoring requirements.

Recommendation: CLA recommends management record inventory at their actual acquisition cost by implementing controls in the form of documented procedures outlining proper categorization and recording, training to applicable areas to educate responsible personnel, and monthly report monitoring to identify items recorded at zero cost. Incorrectly categorized items should be escalated and communicated to applicable department leadership for correction. MSCS should strengthen its monitoring procedures to ensure annual School-Level Monitoring Checklists are

completed fully and timely for all Title I schools, including required sign-off and date by both the assigned Federal Programs designee and the school's Professional Learning Community coach. The Office of Federal Programs should implement follow-up procedures for missing or incomplete checklists, maintain evidence of remediation, and escalate repeated noncompliance as appropriate to support consistent school-level compliance and effective Title I program oversight.

Position	Agree
Corrective action	Warehouse inventory receipts, issues and adjustments are recorded in the inventory system as they occur, with counts performed on a defined cycle and differences investigated, documented and corrected. On receipt of items at the warehouse, warehouse associates count and verify the quantities and ensure all items are accurately recorded in APECS. When items are issued through APECS, the system automatically adjusts on-hand quantities to reflect the items issued. Cycle counts are conducted weekly to verify inventory accuracy; any discrepancies identified during the cycle count process are researched by the supervisor and appropriate inventory adjustments are processed as necessary. The warehouse will document the recording and count procedures in writing and retain the count records.
Responsible	Stephen Wherry, Director II — Business Operations; response prepared by Tamara Clark, Warehouse and Fulfillment Manager
Anticipated completion	May 20, 2027

Federal Funding

Observation 88 — School-Level Monitoring · Report p. 60

Observation: CLA noted that eight of the 20 (40%) schools tested had one or more exceptions related to required checklist sign-off documentation. Specifically, the annual School-Level Monitoring Checklist did not include the required sign-off and/or date by the assigned Federal Programs designee and/or the school's Professional Learning Community coach. Incomplete School-Level Monitoring Checklist approvals reduce evidence of oversight and may result in noncompliance with Title I monitoring requirements.

Recommendation: MSCS should strengthen its monitoring procedures to ensure annual School-Level Monitoring Checklists are completed fully and timely for all Title I schools, including required sign-off and date by both the assigned Federal Programs designee and the school's Professional Learning Community coach. The Office of Federal Programs should implement follow-up procedures for missing or incomplete checklists, maintain evidence of remediation, and escalate repeated noncompliance as appropriate to support consistent school-level compliance and effective Title I program oversight.

Position	Agree
Corrective action	The Office of Federal Programs conducts annual school-level monitoring of Title I schools using a standard checklist. To strengthen completion of the required sign-offs, Federal Programs will verify that each returned checklist carries the dated signature of the assigned Federal Programs designee and the school's PLC coach before the monitoring visit is recorded as complete, will follow up directly with any school whose checklist is missing or incomplete, will retain evidence of that follow-up and its resolution, and will escalate repeated noncompliance through the regional structure.
Responsible	Derrick Morris, Director II — Federal Programs and Operations
Anticipated completion	December 18, 2026

Observation 89 — School Inventory · Report p. 60

Observation: CLA noted that two of the 20 (10%) schools selected had exceptions related to the required annual physical inventory of equipment purchased with Title I funds. Specifically, one school did not submit the required inventory, and one school submitted an inventory that was rejected by the Office of Federal Programs. Inaccurate or incomplete inventory records increase the risk of loss, misuse, or unsupported use of Title I-funded equipment and may lead to noncompliance with federal requirements.

Recommendation: MSCS should strengthen its procedures for annual physical inventories of equipment purchased with Title I funds to ensure all Title I schools timely submit complete and acceptable inventory records to the Office of Federal Programs. The Office of Federal Programs should follow up promptly on missing submissions, communicate deficiencies requiring correction, and track resolution of rejected inventories to support accountability for Title I-funded assets and consistent compliance with inventory requirements.

Position	Agree
Corrective action	Every school, including each Title I school, conducts an annual wall-to-wall physical inventory in which designees scan each item at the site and each scanned item is documented as found. The asset inventory designees are responsible for verifying each piece of equipment at their respective site regardless of funding source. All equipment purchased with federal funds is identified in the Fixed Asset Management System by the funding source indicated on the purchase order — for example, Title I, IDEA or Carl Perkins. The auditor's request for samples from two Title I schools will be met from those inventory records when received; the control does not depend on the sample.
Responsible	LaTanya "Tammy" Bradford, Director of Asset Management, with Derrick Morris, Director II — Federal Programs and Operations
Anticipated completion	Completed — no anticipated completion date

Observation 90 — Title I School End-of-Year Checklist · Report p. 61

Observation: CLA noted that four of the 20 (20%) schools selected did not submit the required Title I School End-of-Year Checklist to MSCS. Because the checklist was not submitted, these same four schools also lacked evidence of required sign-offs and timely submission prior to the established deadline. Failure to submit required year-end compliance documentation limits the district's ability to demonstrate school-level compliance and increases the risk that issues are not identified or addressed timely.

Recommendation: MSCS should strengthen its year-end monitoring procedures to ensure all Title I schools complete, sign, and submit the End-of-Year Checklist by the established deadline and retain the completed checklist in the school's Title I Crate. The Office of Federal Programs should follow up promptly on missing or incomplete submissions, track resolution of exceptions, and escalate noncompliance as appropriate to support consistent adherence to federal record retention requirements.

Position	Agree
Corrective action	The Office of Federal Programs requires each Title I school to complete, sign and submit the End-of-Year Checklist by the published deadline and to retain the completed checklist in the school's Title I Crate. Federal Programs maintains a submission log against the full list of Title I schools, follows up with any school that has not submitted by the deadline, tracks each exception to resolution, and escalates repeated noncompliance through the regional structure.
Responsible	Derrick Morris, Director II — Federal Programs and Operations
Anticipated completion	December 18, 2026

Observation 91 — Semi-annual certifications · Report p. 61

Observation: Based on testing of 20 Title I schools, CLA noted that all 20 schools properly submitted fall semi-annual certifications; however, three schools (15%) did not submit spring semi-annual certifications. As a result, those schools did not maintain complete supporting documentation for the full year to demonstrate compliance with requirements applicable to employees paid 100% from Title I-A funds for allowable Schoolwide Program activities. Incomplete semi-annual certification documentation may limit MSCS's ability to evidence that payroll costs charged to Title I-A were appropriately supported and may increase the risk of noncompliance with federal program requirements. Testing of quarterly PLC Coach stipend verification forms identified exceptions at three schools. Two schools did not maintain a completed stipend verification for one quarter reviewed. In addition, one school submitted verification forms for two different PLC Coaches for school year 2025-26, while the review scope was limited to school year 2024-25. These exceptions indicate the stipend verification process was not consistently completed and maintained in accordance with district requirements. Incomplete or inaccurate stipend support increases the risk of unsupported payroll payments, improper period reporting, and noncompliance with district requirements.

Recommendation: CLA recommends that MSCS strengthen its monitoring procedures over semi-annual certifications by ensuring all Title I schools timely complete, sign, date, and retain required fall and spring certifications for applicable employees working 100% on allowable Schoolwide Program activities. Monitoring procedures should include follow-up on missing certifications, review for completeness, and escalation of exceptions as necessary to support compliance with federal documentation requirements and retention of complete payroll support. MSCS should strengthen controls over the quarterly PLC Coach stipend verification process by requiring schools to complete, review, and retain verification forms for the appropriate reporting period and school year prior to stipend payment. In addition, MSCS should implement a monitoring process to identify missing, incomplete, or inconsistent certifications and follow up with schools timely to support compliance and accurate payment of PLC Coach stipends.

Position	Agree
Corrective action	The District notes that all twenty schools tested submitted the required fall semi-annual certifications, and that the exceptions identified relate to the spring cycle at three schools. The Office of Federal Programs maintains a documented process for semi-annual certifications for employees paid 100% from Title I-A funds. To close the spring-cycle gap, Federal Programs will track spring certifications against the full school list on the same basis as the fall cycle, follow up with any school that has not submitted, review submissions for completeness including signature and date, and escalate outstanding exceptions.
Responsible	Derrick Morris, Director II — Federal Programs and Operations
Anticipated completion	December 18, 2026

Observation 92 — Quarterly Stipends · Report p. 62

Observation: Testing of quarterly PLC Coach stipend verification forms identified exceptions at three schools. Two schools did not maintain a completed stipend verification for one quarter reviewed. In addition, one school submitted verification forms for two different PLC Coaches for school year 2025-26, while the review scope was limited to school year 2024-25. These exceptions indicate the stipend verification process was not consistently completed and maintained in accordance with district requirements. Incomplete or inaccurate stipend support increases the risk of unsupported payroll payments, improper period reporting, and noncompliance with district requirements.

Recommendation: MSCS should strengthen controls over the quarterly PLC Coach stipend verification process by requiring schools to complete, review, and retain verification forms for the appropriate reporting period and school year prior to stipend payment. In addition, MSCS should implement a monitoring process to identify missing, incomplete, or inconsistent certifications and follow up with schools timely to support compliance and accurate payment of PLC Coach stipends.

Position	Agree
Corrective action	The Office of Federal Programs requires schools to complete, review and retain quarterly PLC Coach stipend verification forms for the correct reporting period and school year before the stipend is paid. Federal Programs will confirm that a verification form for the correct quarter and school year is on file before stipend payment is released, will monitor

	quarterly for missing, incomplete or mismatched forms, and will follow up with schools promptly. For the school identified as having supplied verification forms for school year 2025-26, the corresponding 2024-25 quarterly verification forms are on file in the school's Title I Crate and available for review; that exception reflects a period mismatch in the audit production rather than a missing verification.
Responsible	Derrick Morris, Director II — Federal Programs and Operations
Anticipated completion	December 18, 2026

Observation 93 — TISA Accountability Report · Report p. 62

Observation: Based on review of the TISA Accountability Report and related Board of Education documentation, the district did not evidence that the report was approved by the Board prior to the required submission deadline. Board meeting records indicate the report was reviewed after the applicable filing deadline. In addition, the report reflects the district currently does not meet the State's targeted benchmark for third-grade English Language Arts (ELA) proficiency and projects achieving the benchmark beyond 2030. While the report includes long-term improvement plans, the projected timeline extends significantly beyond the State-established goal, which may limit the report's effectiveness in demonstrating near-term progress toward required student achievement outcomes. The TISA Accountability Report is intended to promote transparency and accountability by linking funding decisions to measurable student outcomes. Untimely submission and extended timelines for achieving required proficiency benchmarks may increase the risk of noncompliance with TDOE requirements and could subject the district to increased oversight or corrective action.

Recommendation: Management should strengthen its governance and review process to ensure timely Board approval and submission of the TISA Accountability Report, and consider enhancing near-term, measurable strategies to more closely align projected student achievement outcomes with State expectations.

Position	Agree in part
Corrective action	Governance and timing: The Tennessee Department of Education allows some flexibility regarding the deadline for Board approval of the TISA Accountability Report given the timing of scheduled school board meetings across the state. The report was filed with the State on time; documentation of Board approval was submitted at a later time, with prior notice provided to the Department. For the current cycle, the TISA Accountability Report will be both approved by the Board and submitted before the November 1 deadline, under a development and review process already outlined using Department guidance, and that process will be replicated in future years. The Board Office calendars the approval item ahead of the State deadline. Academic projections: The District does not agree that the reported third-grade ELA projections reflect a control weakness. The projections are determined using a formula provided and directed by the Tennessee Department of Education. Achievement strategy is addressed through the District's academic plans and is not a matter of report governance; the District continues to pursue improvement in third-grade ELA proficiency through its literacy and academic improvement work.
Responsible	William E. White II, Director II, Research, Evaluation, Accountability and Data Strategy (R.E.A.D.S.) (TISA Accountability Report), with Yolanda Timberlake, Manager of Executive Services (Board calendar)
Anticipated completion	December 18, 2026

Observation 94 — LEA Compliance Report · Report p. 63

Observation: CLA noted that the district did not submit the required LEA Compliance Report by the TNDOE established due date of November 28, 2025. The report was submitted after the deadline, resulting in noncompliance with TNDOE's reporting requirements. Timely submission is necessary to ensure the district maintains compliance with state expectations, preserves eligibility for applicable funding, and avoids potential corrective actions. Failure to meet required deadlines increases the risk of administrative findings, delays in state review processes, and potential impacts on the district's annual approval status.

Recommendation: Management should implement procedures to verify the LEA Compliance Report is completed, reviewed, and submitted to the TNDOE by the established annual deadline. This may include establishing internal submission timelines, assigning clear responsibility for report preparation and approval, and implementing monitoring controls to track progress toward completion.

Position	Disagree in part
Corrective action	The District disagrees in part. The 2025 submission was made within a State-approved extension, under a documented request-and-approval process. The Board did not hold a Business Meeting in November 2025 at which the LEA Compliance Report could be approved; the next scheduled Business Meeting was December 2, 2025. On October 21, 2025 at 11:56 a.m. the District requested an extension from the State; at 12:04 p.m. the same day, the State's Director of LEA Approval (Tennessee Department of Education, Office of General Counsel) approved the request, setting submission of the Board-approved and signed report in ePlan by close of business December 3, 2025. The report was uploaded to ePlan on December 3, 2025, in accordance with the approved extension deadline, and the State was notified the same day. The District will schedule Board approval of the LEA Compliance Report during the October Business Meeting to ensure timely submission, but will reserve its practice of proactively communicating with the State to request an extension if scheduling conflicts or other unforeseen circumstances arise.
Responsible	Maria Stewart, Governmental Affairs and Compliance Manager (Office of General Counsel)
Anticipated completion	December 18, 2026

Budgeting

Observation 95 — Budget Load Validation · Report p. 64

Observation: MSCS uses multiple files and systems during the budget build and load process, including projected enrollment files from Operations, upload templates for Allovue, and CSV load files for APECS. CLA noted the following related to budget load validation and documentation: Budget data is reformatted from a source file into a separate upload template for import into Allovue. Quality checks are performed; however, those checks are not formally documented by the preparer or approved by a reviewer. The final APECS budget load is validated through visual tie out to totals and approved functional amounts, but that review is not consistently evidenced through standardized documentation. The state ePlan submission is also validated through screenshots and review procedures, but the control is not formalized within a documented checklist or sign off process. Without documented validation and review over budget data transfers and imports, errors in source-to-system movement may not be identified timely, increasing the risk of inaccurate budget information being loaded into core systems and used for reporting and decision making.

Recommendation: CLA recommends management perform the following related to budget loads and system imports: Formally document the validation steps performed when moving budget data between source files, import templates, Allovue, APECS, and ePlan. Require preparer and reviewer sign-off, including dates, for key load and tie-out activities. Standardize post-load control evidence, such as retained total tie outs by fund/function and reconciliations to approved budget amounts. Maintain the validation documentation in a central folder to support consistency, auditability, and continuity across budget cycles.

Position	Agree
Corrective action	The condition is addressed by the controls described at R-111, R-112 and R-113: the unified budget workflow in Allovue operating since December 2025 with budget-to-actual data sourced from APECS; retention of budget amendment support in BoardDocs with Board resolution references and in electronic folders organized by approval year and month; and the budget amendment and Board agenda process through which changes requiring Board approval are routed, described at R-113. Budget and Fiscal Planning validates the budget load against approved amounts and resolves differences before the budget is finalized. This validation is already in place.
Responsible	Budget Director — Felicia Freeney, Budget Director
Anticipated completion	Completed — no anticipated completion date

Observation 96 — Budget Transfer Support · Report p. 64

Observation: MSCS routes budget transfers through departmental and budget office approvals in APECS, and system rules prevent invalid transfers from being submitted. CLA noted the following related to transfer support documentation: • Transfer requests include account coding and notes within APECS; however, supporting documentation for the underlying business purpose is not consistently retained with the transaction. • The budget team often relies on notes, object-level knowledge, and contextual awareness from board meetings or prior discussions when evaluating transfers. • For larger or less routine transfers, support such as contract detail, funding rationale, or detailed explanations is not consistently attached or centrally retained with the approval record. Although the workflow helps validate coding and approval, inconsistent retention of business support reduces transparency and makes it more difficult for a reasonable person to determine why certain transfers were approved.

Recommendation: CLA recommends management perform the following related to budget transfer support: • Define documentation expectations for budget transfers, particularly for large, unusual, or cross-department items. • Require standardized supporting rationale to be retained in a central folder or linked repository when attachment in the system of record attachment is not feasible. • Establish thresholds for enhanced support requirements, such as contracts, funding memoranda, or approval explanations for significant transfers. • Continue using workflow approvals in APECS while strengthening supporting documentation retained outside the system where necessary.

Position	Agree in part
Corrective action	APECS supports document attachment across Finance transactions, including journal entries and budget revisions and transfers; supporting documents are stored on an APECS server, are linked to the transaction, and are retrieved with the other transaction data in APECS. The District confirmed this capability with the system vendor on September 14, 2026. The District already operates a systematic filing process for Board-approved budget amendments: approved amendments are retained in BoardDocs and in electronic folders organized by the amendment approval year and month. This centralized approach provides a single place to locate the complete supporting documentation associated with an approved amendment, rather than requiring users to locate documentation separately for each individual transaction, and the approved amendment documentation provides the supporting detail and Board approval reference for the related budget revisions and transfers. Building on the attachment capability confirmed with the vendor, Budget and Fiscal Planning will document an attachment standard identifying the support to be attached to each budget revision and transfer at the transaction record in APECS, and will apply it to transactions processed from the effective date of the standard forward.
Responsible	Budget Director — Felicia Freeney, Budget Director
Anticipated completion	December 18, 2026

Observation 97 — Amendment Review Documentation · Report p. 65

Observation: MSCS uses standardized templates to collect amendment information from fund owners and reconciles submitted changes to APECS by project and function before preparing the board resolution. CLA noted the following related to amendment reconciliation documentation: • Preparer and reviewer sign-offs, including completion and review dates, are not formally embedded within the reconciliation workbooks Without standardized sign-off and dating of amendment reconciliations, accountability over preparation and management review is reduced and it is more difficult to demonstrate the timing and completion of the control.

Recommendation: CLA recommends management perform the following related to budget amendment reconciliations: • Add preparer and reviewer sign-off, including completion and review dates, to amendment reconciliation workbooks.

Position	Agree
Corrective action	Budget amendments are prepared, reviewed and retained in BoardDocs with their Board resolution references, and supported by workpapers retained in electronic folders organized by approval year and month, so that the review performed on each amendment is documented and retrievable. Budget amendment reconciliations carry a Director sign-off confirming that the information submitted has been reviewed and approved. This process is already in place.
Responsible	Budget Director — Felicia Freeney, Budget Director
Anticipated completion	Completed — no anticipated completion date

Observation 98 — Allovue Interface Monitoring · Report p. 66

Observation: MSCS uses the Allovue Manage module as a dashboard and monitoring tool, with a nightly feed from APECS. CLA noted the following related to interface monitoring: The nightly APECS feed has an informal review performed by management for selected departments to confirm figures appear reasonable. Those spot checks are not formally documented, and there is no standardized record of departments reviewed, amounts compared, reviewer, or date of review. Without documented monitoring of the APECS-to-Allovue interface, data transfer issues may not be identified timely, increasing the risk management relies on incomplete or inaccurate dashboard information.

Recommendation: CLA recommends management perform the following related to interface monitoring: Formally document periodic reviews between APECS and Allovue, including departments reviewed, amounts compared, reviewer, and date. Establish a defined monitoring cadence, such as weekly during early implementation and monthly thereafter, as confidence in the interface increases. Retain evidence of completed checks in a central location. Escalate and document follow-up on any variances identified between APECS and Allovue.

Position	Agree
Corrective action	The Allovue interface with APECS is monitored by the Budget team so that budget data transferred between the systems is complete and accurate: data is verified against APECS and any exception is investigated and corrected. Budget and Fiscal Planning performs the monitoring and works directly with the vendor, PowerSchool (Allovue), on any issue that arises. Information Technology supports the interface of APECS into Allovue. This monitoring is already in place.
Responsible	Felicia Freeney Ollie, Director of Budget and Fiscal Planning (monitoring), with Rodney “Adam” Young, Executive Director of IT Operations (interface support)
Anticipated completion	Completed — no anticipated completion date

Volume II — Observations and Recommendations

Each observation is stated with the District's response, followed by the recommendation arising from it and the District's response to that recommendation. Observations not tied to a specific recommendation appear at the end of this volume.

Observation #1 · Report p. 37 (PDF p. 149)

The auditor observed: Inconsistent written documentation to support travel requests. CLA noted inconsistent application of providing written justification on travel forms as required by District policy.

Corrective action	The corrective action committed under R-1 addresses the condition: the District applies a written travel justification requirement to all travel regardless of funding source (Board Policy 2020, page 4, Section B1), and where travel is charged to a federal award the statement must justify that the travel is necessary to that award; Accounting and Reporting verifies that a completed and signed justification is present before the travel requisition is processed, and the requirement took effect July 1, 2026. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-1.
Responsible	Shenarick Story, Director of Grant Management and Compliance
Anticipated completion	As stated at the cited item

R-1 — Recommendation · Report pp. 38–39 (PDF pp. 150–151)

The auditor recommended: CLA recommends that the District consistently apply the written justification requirements in its travel policy by requiring that each travel justification explicitly demonstrates the necessity of the travel and its direct relationship to the applicable Title I grant award.

Position	Agree
Corrective action	The District applies a written travel justification requirement to all District travel, not only travel charged to Title I. The travel justification form is a required element of the District's travel procedure and applies to every traveler regardless of funding source; where travel is charged to a federal award, the justification supports the necessity of the travel and its relationship to that award. Accounting and Reporting will continue to verify that a completed and signed justification is present before the travel requisition is processed. This district-wide requirement took effect July 1, 2026.
Responsible	Leslie Knighten, Controller, Accounting and Reporting
Anticipated completion	Completed — no anticipated completion date

Observation #2 · Report p. 37 (PDF p. 149)

The auditor observed: Supporting documentation was missing from APECS. Supporting documentation related to disbursements for District-operating public schools, including multiple quotes, contracts, and requests for proposals (RFPs), were not consistently uploaded and retained within APECS.

Corrective action	R-2's committed standard addresses the condition: every journal entry must carry supporting documentation attached in APECS sufficient for an independent reviewer to understand its purpose and basis before approval, with entries lacking support returned rather than posted.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	As stated at the cited item

Observation #3 · Report pp. 37–38 (PDF pp. 149–150)

The auditor observed: Journal entries lack sufficient clarity. Journal entries often lacked sufficient clarity regarding the purpose or rationale for the adjustment.

Corrective action	The same R-2 standard reaches the clarity issue this observation describes: journal entry descriptions must state purpose, period, and references sufficient for review without inquiry of the preparer.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	As stated at the cited item

R-2 — Recommendation · Report p. 39 (PDF p. 151)

The auditor recommended: Centralize journal entry processes across departments to improve consistency, transparency, and oversight. The District should establish standardized requirements for preparation, review, and documentation of journal entries to improve consistency, transparency, and oversight. This should include requiring a clear written justification for each journal entry, captured within APECS or attached as supporting documentation, along with centralized access to all supporting records. Implementing these measures will strengthen finance's ability to independently validate entries at approval, reduce informal inquiries, enhance interdepartmental coordination, and support efficiency, accountability, and identification of recurring control weaknesses.

Position	Agree
Corrective action	Accounting and Reporting requires justification, attached supporting documentation, review, and approval before any journal entry is posted to the ledger. Current process: accountants and non-accountants may enter journal entries in APECS; for an entry to be approved, debits and credits must equal, supporting documentation totals must match the face of the entry with the amount identified, a brief summary is required in the description field, a detailed purpose and justification is required in the notes section, and a brief line description is required for each line — for all recurring and non-recurring entries. To strengthen internal controls and ensure consistent financial reporting, Accounting & Reporting will implement a centralized journal entry process across all departments with entry access, and will develop and enforce standardized procedures requiring clear, detailed written justification, supporting documentation, and evidence of review and approval by the immediate supervisor prior to posting. APECS supports document attachment across Finance transactions; supporting documentation attached to a journal entry is stored on an APECS server, is linked to the entry, and is retrieved with the other transaction data in APECS.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	June 30, 2027

Observation #5 · Report p. 38 (PDF p. 150)

The auditor observed: *Recurring journal entries are not documented in a written standard operating procedures manual. Regularly occurring and appropriately documented journal entries are used to correct expenditures initially charged to federal grants that are subsequently determined to be unallowable for the specific federal award.*

Corrective action	R-3 commits recurring journal entries to a written standard operating procedure: the recurring-entry schedule, required support, review and approval steps, and periodic revalidation of each recurring entry's continued basis.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	As stated at the cited item

R-3 — Recommendation · Report p. 39 (PDF p. 151)

The auditor recommended: *CLA recommends that the District develop a formal SOP to document the process for recurring journal entries. Documenting the process for recurring journal entries is important to promote consistency, accuracy, and transparency in financial reporting.*

Position	Agree
Corrective action	The District has a documented process for recurring journal entries. The cash management standard operating procedure (revised June 9, 2026) governs approximately 90% of recurring journal entries; Accounting & Reporting reviews the SOP annually and updates it as processes change. Approximately three recurring entries do not yet have an SOP; procedures for those will be documented on the same standard.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	June 30, 2027

Observation #4 · Report p. 38 (PDF p. 150)

The auditor observed: *There was inconsistent use of the location code within the general ledger. CLA observed that certain Title I expenditure transactions were recorded using location code 1000 (Central Office) in the general ledger rather than the specific school location to which the expenses related.*

Corrective action	The written standard operating procedure committed under R-4 requires expenditures directly attributable to a school, including the Title I transactions this observation describes, to record against that school's location code through the control-account structure, replacing default central-office coding. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-4.
Responsible	Shenarick Story, Director of Grant Management and Compliance
Anticipated completion	As stated at the cited item

R-4 — Recommendation · Report p. 39 (PDF p. 151)

The auditor recommended: *CLA recommends that the District develop a written standard operating procedure requiring the use of the specific school location code when expenditures are directly related to a particular school. Establishing this requirement would promote consistent accounting practices, improve the accuracy of financial reporting at the school level, and enhance transparency over how resources are allocated and spent.*

Position	Agree
Corrective action	The District will document a written standard operating procedure requiring expenditures directly attributable to a school to be recorded against that school's location code, so that school-level financial reporting reflects where

	resources are actually spent. Expenditure capture by location will operate through a control-account structure: where funds are budgeted at a central office level, expenditures will still record against the receiving location, with spending controlled against the approved control account total. The District does not agree that discretionary funds should be BUDGETED at school location: the discretionary set-aside is budgeted centrally and distributed through an administrative location as the District's operating structure; school-location budgeting of these funds is an internal accounting practice question rather than a state or federal requirement; and allocating the set-aside out to school locations would raise charter school allocation implications the District has not examined and declines to trigger through an accounting change. Because every account number derives from the chart of accounts, implementation will be coordinated with chart of accounts maintenance so location coding and the account structure remain consistent.
Responsible	Derrick Morris, Director II — Federal Programs and Operations, Leslie Knighten, Controller, Accounting and Reporting, Shenarick Story, Director of Grant Management and Compliance (joint)
Anticipated completion	June 30, 2027

Observation #8 • Report p. 43 (PDF p. 155)

The auditor observed: *Inventory storage and tracking of ESSER-funded supplies were insufficient. CLA reviewed inventory storage and tracking practices through a visit to the District's educational warehouse.*

Corrective action	The corrective action committed under R-5 addresses the condition: supplies purchased with federal grant funds are labeled at receipt to identify the applicable funding program, are stored so warehouse personnel can readily identify the funding source, and are maintained separately from inventory purchased with non-grant funds; every order carries the budget code identifying the federal funding source in APECS. The warehouse standard operating procedures will be revised to reference federal grants explicitly, and warehouse staff will be trained on the handling and identification of grant-funded inventory. No additional action required.
Responsible	Stephen Wherry, Director II — Business Operations
Anticipated completion	As stated at the cited item

Observation #9 • Report p. 43 (PDF p. 155)

The auditor observed: *Textbooks purchased with ESSER funds were not cataloged consistently. CLA observed that, under a prior administration, certain ESSER-funded textbooks were intended to be identified using catalog numbers ending with the letter "E" to distinguish them from non-ESSER inventory.*

Corrective action	The catalog convention this observation describes is current warehouse practice: textbooks purchased with ESSER funds are assigned catalog numbers ending in the letter "E" to distinguish them, and items purchased with federal grant funds are maintained separately from non-grant inventory. The corrective action committed under R-5 documents that practice in the warehouse standard operating procedures and trains staff on it, so that the convention is applied consistently. No additional action required.
Responsible	Stephen Wherry, Director II — Business Operations
Anticipated completion	As stated at the cited item

Observation #10 • Report pp. 43–44 (PDF pp. 155–156)

The auditor observed: *Although the District did not consistently follow its own catalog number policy, it demonstrated to CLA the ability to trace transactions and inventory to ESSER funding for the transactions tested. Opportunities exist to improve documentation clarity, consistency, and ease of traceability to support more efficient assessment of allowability and compliance.*

Corrective action	The District notes what this observation records: although the catalog-number convention was not consistently applied, the District demonstrated the ability to trace transactions and inventory to ESSER funding for every transaction tested. That traceability rests on controls that remain in place — each order carries the budget code identifying the federal funding source, and all transactions are tracked within APECS. The corrective action committed under R-5 strengthens the labeling and cataloging conventions that support it. No additional action required.
Responsible	Stephen Wherry, Director II — Business Operations
Anticipated completion	As stated at the cited item

R-5 — Recommendation • Report p. 47 (PDF p. 159)

The auditor recommended: *The District should consider updating its warehouse storage guidelines to ensure that supplies purchased with federal grant funds are clearly labeled and stored in locations that are easily identifiable by warehouse personnel. In addition, the District should consider revising the warehouse standard operating procedures to explicitly reference federal grants, such as ESSER and Title I, and outline expectations as a best practice for the handling, identification, and tracking of grant funded inventory. The District should also consider providing training to warehouse staff on federal grant organization and the importance of grant compliance to promote consistency, accountability, and awareness across warehouse operations.*

Position	Agree
Corrective action	(1) LABELING AND STORAGE — Supplies purchased with federal grant funds are labeled upon receipt to identify the applicable funding program (for example ESSER or Title I) and are stored in a manner that allows warehouse personnel to readily identify the funding source. Textbooks purchased with ESSER funds are assigned catalog numbers ending in the letter “E” to distinguish them. All items purchased with federal grant funds are maintained separately from inventory purchased with non-grant funds. The warehouse maintains the capability to track all transactions within APECS; each order identifies the budget code associated with the purchase, and for items purchased with federal grant funds the applicable budget code clearly identifies the corresponding federal funding source. (2) WRITTEN PROCEDURES — The warehouse standard operating procedures will be revised to reference federal grants explicitly and to state expectations for the handling, identification and tracking of grant-funded inventory. (3) TRAINING — Warehouse staff will receive training on the handling and identification of grant-funded inventory, with attendance recorded.
Responsible	Stephen Wherry, Director II — Business Operations; response prepared by Tamara Clark, Warehouse and Fulfillment Manager
Anticipated completion	December 18, 2026

Observation #11 · Report p. 44 (PDF p. 156)

The auditor observed: *Weaknesses were identified in asset-tagging for ESSER-funded equipment. CLA identified certain asset-tagging deficiencies, including two units that had missing ESSER tags on items subject to tagging requirements.*

Corrective action	The corrective actions committed under R-6 and R-9 (Office of Asset Management) address the asset-tagging deficiencies described: every asset receives a unique identifier at receipt, with equipment purchased with federal funds labeled at receipt identifying the applicable program — Title I, ESSER-type, or other — so the funding source is identifiable on the equipment itself (R-6, existing control, target June 30, 2027); tag presence and condition are verified in the annual wall-to-wall physical inventory, with all dispositions reconciled daily and validated quarterly under R-9's enforcement and monitoring regime. No additional action required.
Responsible	LaTanya “Tammy” Bradford, Director of Asset Management
Anticipated completion	As stated at the cited item

Observation #12 · Report pp. 44–45 (PDF pp. 156–157)

The auditor observed: *Duplicate portable air conditioning unit serial numbers existed within the inventory tracking system. CLA observed two instances of portable AC units recorded with duplicate serial numbers within the District's inventory records.*

Corrective action	The corrective actions committed under R-6, R-8 and R-9 address in part the condition described, covering asset tagging, location recording and the annual physical inventory of federally funded equipment, including room-level assignment in the Fixed Asset Management System and reconciliation when equipment is moved. Duplicate serial numbers are identified during the annual physical inventory and disposition reconciliation in the Fixed Asset Management System; where a duplicate is detected the records are researched against the source documentation and may require physical inspection to verify the serial numbers. After verification, the incorrect entry is corrected against the original asset record, and the correction is retained in the asset history. Corrective action, responsible position, and anticipated timeline: as stated at R-6, R-8 and R-9.
Responsible	LaTanya “Tammy” Bradford, Director of Asset Management
Anticipated completion	As stated at the cited item

R-6 — Recommendation · Report p. 47 (PDF p. 159)

The auditor recommended: *The District should strengthen asset identification controls by implementing standardized procedures for tagging federally-funded equipment. This should include assigning each asset a unique identifier, such as an asset tag or barcode, at the time of receipt and ensuring that tagging information is properly recorded in the inventory system. The District should also establish procedures to periodically verify the presence and condition of tags during physical inventory review processes and utilize durable, tamper-resistant methods to affix tags to reduce the risk of detachment or loss. Enhancing these controls will support consistent asset identification and improve the District's ability to track and safeguard federally-funded property.*

Position	Agree
Corrective action	Asset Management assigns each asset a unique identifier at the time of receipt and records the tagging information in the inventory system. Items purchased with federal funds are labeled at receipt identifying the applicable program — Title I, Title III, Title IV, Perkins, TAG, School Improvement or other — so the funding source is identifiable on the equipment itself. Tag presence and condition are verified as part of the annual physical inventory process. These procedures are documented in the District's Inventory Management Procedures (last revised February 23, 2026), Board Policy 3013, Inventory Management (last revised January 31, 2017), and the federal equipment-management requirement (2 CFR 200.313). Tag standard: assets are tagged with serialized 1” x 2” bar-code labels — black ink on premium BOPP material with protective laminate and consecutive bar-code numbering — durable for the asset life cycle in a school environment. The District does not use metal or permanent-adhesive tags: metal tags average \$0.50–

	\$1.00 per tag against bulk orders of 100,000 (\$50,000–\$100,000 per order cycle), which is cost-prohibitive district-wide. Tag integrity is instead assured by consecutive serialized numbering reconciled daily on dispositions and verified in the annual wall-to-wall physical inventory, so a missing or damaged tag is detected and re-issued against the asset record.
Responsible	LaTanya “Tammy” Bradford, Director of Asset Management
Anticipated completion	June 30, 2027

Observation #13 · Report p. 45 (PDF p. 157)

The auditor observed: No inventory review procedures were performed for ESSER-funded portable air conditioning units. The District purchased approximately 240 portable AC units with ESSER funds in 2022; however, no physical inventory review procedures were performed following acquisition until CLA’s inquiry, a span of approximately four years.

Corrective action	The four-year gap in physical inventory review is addressed: under R-7 (Asset Management), the District conducts an annual wall-to-wall physical inventory of all equipment regardless of funding source — communication to schools each November, inventories due in the spring, database reconciled and updated on reported findings; R-9’s monitoring regime (daily disposition reconciliation, quarterly validation, 90-day designee reporting) sustains it between cycles. Grant Management’s monitoring layer over federally funded assets is carried at R-8; the annual-inventory control stands independent of it. No additional action required.
Responsible	LaTanya “Tammy” Bradford, Director of Asset Management (tagging, labeling and inventory record); Michelle Stuart, Facility Services Officer (site placement and relocation records)
Anticipated completion	As stated at the cited item

Observation #14 · Report pp. 45–46 (PDF pp. 157–158)

The auditor observed: Twenty-four portable AC Units purchased at a value of \$84,000 in total, could not be located. CLA notes that upon inquiry by CLA, MSCS took prompt action to verify the existence of the units.

Corrective action	The corrective actions committed under R-7, R-8 and R-9 address the condition in part, and the observation records that the District took prompt action to verify the units’ existence upon inquiry. The annual wall-to-wall physical inventory with scan verification and room-level assignment in the Fixed Asset Management System, daily disposition reconciliation and quarterly reporting to Finance prevent recurrence; for equipment relocated between sites, facility Services records the site placement of portable equipment at handoff and any subsequent relocation between sites and maintains the location records for Asset Management to access, so they may update the Fixed Asset Management System to reflect current locations. This applies to the 24 portable AC units and to portable equipment placed by Facilities going forward. Corrective action, responsible position, and anticipated timeline: as stated at R-7, R-8 and R-9.
Responsible	Shenarick Story, Director of Grant Management and Compliance, with Michelle Stuart, Facility Services Officer (site placement and relocation records)
Anticipated completion	As stated at the cited item

R-7 — Recommendation · Report p. 47 (PDF p. 159)

The auditor recommended: The District should implement formal and consistent inventory procedures for all federally-funded equipment to ensure compliance with federal requirements. This includes conducting physical inventory counts at least every two years, or more frequently, in accordance with District policy, and performing timely reconciliation of physical counts to inventory records. Any discrepancies identified during these procedures should be promptly investigated, resolved, and documented. Additionally, the District endeavors to locate the 24 portable AC units that are unaccounted for.

Position	Agree
Corrective action	The District conducts physical inventories of all equipment regardless of funding source, which includes federally funded equipment, reconciles physical counts to the inventory records, and investigates, resolves and documents discrepancies. References: Inventory Management Procedures (last revised February 23, 2026), Board Policy 3013 (last revised January 31, 2017), and 2 CFR 200.313. The location and movement of the 24 portable air conditioning units after distribution is addressed separately by Facilities, which held the assets at the point they were deployed to schools. Facility Services records the site placement of portable equipment at handoff and any subsequent relocation between sites and maintains the location records for Asset Management to access, so they may update the Fixed Asset Management System to reflect current locations. This applies to the 24 portable AC units and to portable equipment placed by Facilities going forward.
Responsible	LaTanya “Tammy” Bradford, Director of Asset Management (tagging, labeling and inventory record); Michelle Stuart, Facility Services Officer (site placement and relocation records)
Anticipated completion	June 30, 2027

R-8 — Recommendation · Report pp. 47–48 (PDF pp. 159–160)

This recommendation also arises from: *Observation #12 (stated at R-6); Observation #13 (stated at R-7); Observation #14 (stated at R-7).*

The auditor recommended: *The District should enhance its inventory management system to ensure that all federally-funded assets are assigned and maintained with accurate and up-to-date location information. This should include recording the specific school site, and where applicable, room-level detail for each asset, and updating this information whenever assets are transferred, relocated, or disposed of. Implementing controls to periodically verify location data as part of inventory procedures will improve traceability and support effective oversight of assets.*

Position	Agree
Corrective action	The District maintains an inventory management system that allows sites to assign devices to staff, students and rooms and to submit disposal and transfer requests; the system also identifies the funding source for each asset. Each school conducts an annual wall-to-wall physical inventory, verifying that items listed on its inventory remain physically located at the site. Once the physical inventory process is initiated in the Fixed Asset Management System (FAMS), designees are required to scan each item at their respective site, and each item scanned is documented as “found.” The system allows users to scan and assign equipment to a room for each asset at the site level; during reconciliation, assets are updated to the correct room if they have been moved. The physical inventory conducted by the schools covers all equipment assigned to that site regardless of funding source. Physical inventories for MSCS charter and private schools are conducted by the Office of Asset Management team and updated to reflect any changes in their inventories. Tagging and location recording follow the asset-tagging standard described at R-6, and the annual inventory and disposition reconciliation described at R-9.
Responsible	LaTanya “Tammy” Bradford, Director of Asset Management, with Derrick Morris, Director II — Federal Programs and Operations (grant-monitoring layer)
Anticipated completion	June 30, 2027

R-9 — Recommendation · Report p. 48 (PDF p. 160)

This recommendation also arises from: *Observation #8 (stated at R-5); Observation #9 (stated at R-5); Observation #10 (stated at R-5); Observation #11 (stated at R-6); Observation #12 (stated at R-6); Observation #13 (stated at R-7); Observation #14 (stated at R-7).*

The auditor recommended: *The District should enhance its overall internal control environment related to federally-funded assets by developing and enforcing comprehensive written policies and procedures. These policies should address asset-tagging, inventory frequency, reconciliation processes, asset transfers, and disposal procedures. Additionally, the District should assign clear roles and responsibilities for asset management at both the central office and school levels and provide training both to personnel involved in inventory and asset tracking processes as well as personnel in the facilities department at the District. Ongoing monitoring and management review of inventory practices should also be implemented to ensure compliance and identify areas for improvement.*

Position	Agree
Corrective action	Board Policy 3013, Inventory Management (last revised January 31, 2017; applies to all funding sources, equipment only), addresses each element the recommendation names — asset tagging, inventory frequency, reconciliation, transfers, disposal, roles and responsibilities at central office and school levels, training, and ongoing monitoring. Asset Management's Inventory Management Procedures operate under that policy addressing all dispositions (last revised February 23, 2026; published at https://www.scsk12.org/am/?PN=732). Enforcement and monitoring: the inventory database is updated daily from reconciliation of all dispositions and monitored every other day for accuracy and data integrity; quarterly reports of newly acquired equipment are provided to Finance; management reviews reports and database for accuracy and completeness quarterly. ROLES: Budget Center Managers (principal, manager, director, executive director) are responsible for their designees reporting all dispositions (additions, disposal requests, transfers) to Asset Management, which reviews, investigates and updates the database across the equipment life cycle (role definition: Inventory Procedures Manual p. 3). TRAINING: annual new-user and refresher training on the FAMS Inventory Management System each September–October; OAM coordinates the districtwide wall-to-wall annual physical inventory for schools and administrative sites regardless of funding source (general, federal, discretionary, capital improvement, e-rate, donations), with designees reporting findings to Asset Management within 90 days; OAM will collaborate with Facility Services supervisors and managers on new equipment purchases including new construction. Non-equipment federally-funded assets (ESSER supplies, textbook cataloging, Observations 8–10) are outside Policy 3013's scope and are addressed under R-5 by the responsible area.
Responsible	LaTanya “Tammy” Bradford, Director of Asset Management
Anticipated completion	June 30, 2027

Observation #15 · Report p. 46 (PDF p. 158)

The auditor observed: *There was insufficient justification to demonstrate grant compliance in Travel Justification Forms filed in APECS. Justifications provided on the “Travel Justification Form for Employee” lacked sufficient detail to demonstrate how the travel was related to the ESSER grant.*

Corrective action	R-10 addresses the sufficiency condition directly: the District applies a written travel justification requirement to all travel regardless of funding source (Policy 2020, p. 4, §B1), and where travel is charged to a federal award the justification must demonstrate that the travel is necessary to that specific award, with Federal Programs verifying this as part of its review of federally funded travel. The ESSER grants have concluded; the commitment operates for current and future federal awards.
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Responsible	Leslie Knighten, Controller, Accounting and Reporting, with Derrick Morris, Director II — Federal Programs and Operations, and Shenarick Story, Director of Grant Management and Compliance (federal-award verification element)
Anticipated completion	As stated at the cited item

R-10 — Recommendation · Report p. 48 (PDF p. 160)

The auditor recommended: *The District should consider updating and consistently enforcing the policy concerning written justification statements within the Travel Expense Policy. This states that the written statement must justify that travel is necessary to the specific federal award. Although the ESSER grants have concluded, strengthening compliance with this requirement would help guarantee that all federal grants, including future temporary or emergency programs, are supported by documentation that clearly demonstrates compliance with applicable grant requirements when travel expenses are incurred.*

Position	Agree
Corrective action	The District applies a written travel justification requirement to all travel regardless of funding source: Board Policy 2020, page 4, Section B1 requires a written justification statement supporting the necessity of out-of-town travel, and where travel expenses are charged to a federal award, the statement must justify that the travel is necessary to that federal award. Accounting and Reporting verifies that a completed and signed justification is present before the travel requisition is processed; this district-wide requirement took effect July 1, 2026. Where travel is charged to a federal award, Federal Programs verifies as part of its review of federally funded travel that the justification demonstrates necessity to that specific award. The ESSER grants have concluded; this commitment operates for current and future federal awards. This element operates on the district-wide travel justification control described at R-1, which Accounting and Reporting verifies before any travel requisition is processed.
Responsible	Leslie Knighten, Controller, Accounting and Reporting, with Derrick Morris, Director II — Federal Programs and Operations, and Shenarick Story, Director of Grant Management and Compliance (federal-award verification element)
Anticipated completion	June 30, 2027

Observation #19 · Report p. 52 (PDF p. 164)

The auditor observed: *There was reliance on shared drive storage for supporting documentation rather than maintenance of these records within APECS. CLA observed that certain underlying support could not be located within APECS and was instead maintained on a shared drive.*

Corrective action	R-11 addresses this condition. The Facilities Action Plan §3.3 documentation checklist requires the complete support set for every facilities procurement — PAF/requisition, quotes or SOW, conflict-of-interest disclosures for all evaluation participants, and noncompetitive justification where applicable — retained per procurement file. On system placement: the District confirmed with the system vendor on September 14, 2026 that APECS supports document attachment across Finance transactions, with supporting documents stored on an APECS server and linked to the transaction; the procurement support required by the checklist is retained in the procurement file, attached to the transaction record in APECS, and producible on request — which R-11's checklist-and-retention commitment supplies. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (checklist); Facilities requesting managers (compliance)
Anticipated completion	As stated at the cited item

Observation #21 · Report p. 52 (PDF p. 164)

The auditor observed: *CLA identified one instance in which a PAF was required but was not obtained, the total amount of this disbursement was \$1,390.10.*

Corrective action	The single missing Procurement Advisory Form (\$1,390.10) is the precise gap R-11's checklist closes: a facilities procurement cannot proceed to payment without the PAF/requisition present in the file. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (checklist); Facilities requesting managers (compliance)
Anticipated completion	As stated at the cited item

Observation #22 · Report p. 52 (PDF p. 164)

The auditor observed: *CLA identified two instances in which the required minimum of three vendor quotes was not obtained in accordance with established procurement requirements, the total amount of this disbursement was \$13,964.00.*

Corrective action	The two instances lacking the required three vendor quotes (\$13,964.00) are addressed by R-11: the checklist requires quotes (or a statement of work with documented noncompetitive justification) before the procurement proceeds, making the three-quote requirement verifiable file by file. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (checklist); Facilities requesting managers (compliance)
Anticipated completion	As stated at the cited item

R-11 — Recommendation · Report p. 53 (PDF p. 165)

The auditor recommended: *The District should establish and enforce a comprehensive document management and retention framework that requires all procurement and contract-related documentation to be centrally stored in a single, accessible repository (e.g., APECS, Contract Advantage, or another designated system). This repository should include, at a minimum, executed contracts and amendments, Board approvals, bids and quotes, bid evaluations, intent-to-award documentation, invoices and receipts, Payment Request Forms, business purpose justification, and evidence of approvals. The District should implement standardized documentation checklists, system controls, and clear policies outlining retention requirements, storage locations, and cross-referencing protocols where multiple systems are used. Additionally, management should establish expectations for timely responsiveness to audit requests, perform periodic monitoring to ensure documentation completeness and compliance, and provide training to staff to reinforce proper documentation and retention practices, thereby improving accessibility, transparency, and continuity despite personnel changes.*

Position	Agree
Corrective action	Facilities-division contribution per Facilities Action Plan §3.3: documentation checklist for every facilities procurement (PAF/requisition, quotes or SOW, conflict-of-interest disclosures for all evaluation participants, noncompetitive justification forms) with a file-completeness review before contract execution; core project file index adopted per Facilities PM Team Action Plan Appendix A. The district-wide document-management and retention framework is addressed under the Board-adopted Corrective Action Plan. Board CAP P3 action 3.6: establish a records retention and retrieval standard for procurement and contract records, with a defined production standard for audit and public records requests.
Responsible	LaQueeya Braxton, Director of Procurement (checklist); Facilities requesting managers (compliance)
Anticipated completion	March 12, 2027

Observation #20 · Report p. 52 (PDF p. 164)

The auditor observed: *There was inconsistent use of the location code within the general ledger. CLA observed that certain Head Start transactions were recorded using location code 7211 - Head Start Education in the general ledger rather than recording to the specific school location to which the expenses related.*

Corrective action	The corrective action committed under R-12 addresses this condition directly: classroom materials and supplies are direct-shipped by vendors to the specific school locations receiving them, with the school's location code identified on the purchase requisition, so Head Start expenditures record to the receiving school rather than defaulting to code 7211; for bulk purchases, documentation identifying the schools and quantities receiving materials is maintained and expenditures are allocated accordingly.
Responsible	Divalyn L. Gordon, Executive Director, Early Childhood
Anticipated completion	As stated at the cited item

R-12 — Recommendation · Report p. 53 (PDF p. 165)

The auditor recommended: *CLA recommends early childhood education staff more consistently utilize the general ledger location code when recording Head Start expenditures on the general ledger. A significant portion of Head Start expenses have been charged to location code 7211, early childhood education, rather than to the specific school location where the costs were incurred. As the appropriate location codes are already established within the general ledger, charging expenses to the actual school location would enhance the District's ability to trace, analyze, and report expenditures by site. Improved use of location codes would provide clearer insight into which costs are attributable to each school.*

Position	Agree
Corrective action	Classroom supplies and instructional materials are ordered directly by the classroom teacher and shipped directly to the school location where the teacher and students are assigned, with the appropriate location code identified on the purchase requisition/order — allowing the receiving school to be clearly identified and expenditures appropriately associated with the location receiving the materials. When it is more cost-effective and operationally appropriate to purchase supplies in bulk, the Early Childhood Department makes the bulk purchase centrally and distributes the materials directly to the designated schools, maintaining documentation identifying the schools receiving the materials and the quantities distributed to each location to ensure appropriate tracking and allocation of expenditures. This provides a clear distinction between individual classroom orders and department-level bulk purchases while strengthening documentation, accountability, and allocation of expenditures.
Responsible	Divalyn Gordon, Executive Director, Early Childhood and Pre-K, covering the Early Childhood Fiscal Manager responsibilities while that post is vacant, under Dr. Angela Whitelaw, Chief Academic Officer
Anticipated completion	June 30, 2027

Observation #23 · Report p. 56 (PDF p. 168)

The auditor observed: *There was missing supporting documentation in violation of Board policy 3012 – Records Management as well as the Statutory framework for District and School Audits in T.C.A. § 49-13-127.*

Corrective action	The condition is addressed by two committed layers: under R-13, distribution of charter-related funds is centralized through a single Finance process with a documented calculation retained for every disbursement, supplying the supporting record this observation found missing; and the District-wide records-management framework — retention, retrieval and production procedures under Board Policy 3012, responsive to T.C.A. § 49-13-127 — is carried at Board CAP action 3.6 (General Counsel). No additional action required. As to the Public Safety Grant reimbursements among the disbursements tested, the supporting documentation was not missing from the District: original documentation was collected by the Safety and Security Department and submitted to the Finance Department, which retained it as part of the reimbursement record and forwarded the required documentation to the State; Safety and Security did not hold duplicate copies. The State has since given charter schools direct access to Public Safety Grant funds through ePlan, and the District no longer administers those reimbursements.
Responsible	Dr. Arlandra S. Parker, Director of Charter School Development, Charter Schools, with Carolyn W. Jackson, Chief of Safety and Security (Public Safety Grant documentation)
Anticipated completion	As stated at the cited item

Observation #24 · Report pp. 56–57 (PDF pp. 168–169)

The auditor observed: *There were missing supporting explanations or reconciliations. CLA observed that, for three of the 21 charter school disbursements tested, the supporting invoices did not match the amounts reimbursed.*

Corrective action	The three charter school disbursements whose supporting invoices did not match the amounts reimbursed were Public Safety Grant reimbursements administered through the Safety and Security Department. Under that process, a charter school's grant request was submitted through ePlan for State approval, and after approval the school submitted invoices for the approved items; where an invoice exceeded the amount the State had approved, the District reimbursed only the amount authorized under the approved grant and did not reimburse the excess. The difference between the invoice and the amount reimbursed in each of the three instances therefore reflects the State-approved limit, not an unreconciled disbursement. Original supporting documentation was collected by Safety and Security and submitted to the Finance Department, which reviewed each expenditure for compliance with State grant requirements before processing reimbursement and submitted the required documentation to the State within the applicable deadlines. The State of Tennessee has since changed the administration of the Public Safety Grant program to give charter schools direct access to their grant funds through ePlan; the District no longer applies for, administers, documents or reimburses Public Safety Grant expenditures on behalf of charter schools. No corrective action is proposed for a process the District no longer performs. For charter-related distributions the District does continue to make, distribution is centralized through a single Finance process with a documented calculation retained for each disbursement (R-13).
Responsible	Carolyn W. Jackson, Chief of Safety and Security (Public Safety Grant process, historical), with Virginia P. Rodgers, Director of Charter Schools Finance, Federal Programs (R-13)
Anticipated completion	As stated at the cited item

R-13 — Recommendation · Report pp. 58–59 (PDF pp. 170–171)

The auditor recommended: *The District should consider requiring that all charter school distributions, including all state, local, and federal grant payments, with the exception of facilities and nutrition related disbursements, be processed through the charter school office. Centralizing all charter related disbursements within the charter school office would promote consistency in processing, improve oversight and accountability, strengthen compliance with applicable state and federal requirements, and enhance transparency over charter school funding. This approach would also reduce the risk of missing documentation and inconsistent treatment across departments and support more effective monitoring, reporting, and reconciliation of charter school distributions.*

Position	Agree
Corrective action	The District will centralize distribution of charter-related funds through a single Finance process rather than program-level distribution, with a documented calculation retained for each disbursement. The Procedure for Charter Participation in District-Managed Grants, effective August 28, 2026, routes all charter grant reimbursements through Charter Finance's reimbursement review, so that program-level distribution no longer occurs.
Responsible	Virginia Rodgers, Director, Charter and Training Schools (Department of Finance)
Anticipated completion	October 9, 2026

Observation #25 · Report p. 57 (PDF p. 169)

The auditor observed: *There was inconsistent use of the location code within the general ledger. During the analysis of total distributions to charter schools, CLA identified limitations resulting from the inconsistent use of charter school location codes in the general ledger.*

Corrective action	The account-assignment control operates in APECS: each charter District-managed grant is assigned to an account that ties each budget item directly to the receiving school's location code from the APECS chart of schools. Charter Finance has applied these location codes to all budgets and grants flowing through the department since its inception in fall 2021. Charter Finance does not control the district general ledger; confirmation that the APECS-assigned location codes carry through consistently to the general ledger rests with Business Operations. Inconsistencies during the audit period arose in disbursements that did not flow through Charter Finance; under the Procedure for Charter Participation in District-Managed Grants (effective August 2026), all charter grant participation and reimbursement now routes through Charter Finance review. Corrective action, responsible position, and anticipated timeline: as stated at R-14.
Responsible	Virginia P. Rodgers, Director of Charter Schools Finance, Federal Programs
Anticipated completion	As stated at the cited item

R-14 — Recommendation · Report p. 59 (PDF p. 171)

The auditor recommended: *The District should consider establishing and enforcing a requirement that all charter school disbursements be charged to the applicable charter school location code. Any deviations from this requirement should be limited, formally approved, and clearly documented within APECS to guarantee consistency, auditability of charter school transactions, and facilitate a more efficient and effective way to analyze all charter school disbursements.*

Position	Agree with edits
Corrective action	Each charter District-managed grant is assigned in APECS to an account that ties each budget item directly to the school location, so charter school disbursements are charged to the applicable charter school location as a matter of system configuration. This control has been in place since fall 2021 and is evidenced by the APECS chart of schools.
Responsible	Virginia Rodgers, Director, Charter and Training Schools (Department of Finance)
Anticipated completion	Completed — no anticipated completion date

Observation #27 · Report p. 58 (PDF p. 170)

The auditor observed: *There are inconsistencies regarding the allocation of grants to the appropriate funds. The controller communicated there was a practice of assigning certain grants to Fund 01, General Fund, versus Fund 08, Discretionary Grants, or Fund 12, Federal Grants and these would typically not be handled through the charter school office.*

Corrective action	The corrective action committed under R-15 addresses the condition: the grant administration matrix will identify which grants are administered through each District fund and the office responsible for each, and will be shared District-wide including with charter school staff. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-15.
Responsible	Derrick Sanders, Director of Grant Planning and Budgeting
Anticipated completion	As stated at the cited item

R-15 — Recommendation · Report p. 59 (PDF p. 171)

The auditor recommended: *The District should consider establishing and formally documenting a policy, or matrix that clearly identifies (1) which grants are to be administered and disbursed through each District fund, and (2) the designated responsible department or party for each grant. This matrix should be communicated and made accessible to all relevant District employees and charter school staff. Implementing this practice would strengthen accountability, clarify roles and responsibilities, promote consistent processing of grant disbursements, and enhance compliance with applicable state and federal requirements.*

Position	Agree
Corrective action	The District will document a grant administration matrix identifying which grants are administered and disbursed through each District fund and the office responsible for each, including the Head Start and Pre-K grants, and will share the matrix District-wide including with charter school staff.
Responsible	Derrick Sanders, Director of Grant Planning and Budgeting
Anticipated completion	March 12, 2027

Observation #40 · Report pp. 104–107 (PDF pp. 216–219)

The auditor observed: *CLA observed 12 professional services contracts totaling \$794,751.70 that were executed without appropriate signatory authority in accordance with District policy and formally delegated authority memoranda. A review of the applicable delegation memoranda in effect over the relevant period demonstrates that the District has established multiple iterations of tiered signature authority, with defined roles and thresholds that evolved over time: • Se...*

Corrective action	R-16 addresses the signatory-authority condition (\$794,751.70 across 12 contracts): the Superintendent's delegation memoranda will be maintained in a dedicated BoardDocs section with the current version marked active and prior
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	versions archived for historical reference, posted to the Procurement Services website, with district-wide notification on revision — so the authority in effect at any execution date is centrally verifiable — and verification of signatory authority occurs at the Procurement–Contracts checkpoints (action 3.8) before execution. No additional action required.
Responsible	Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

Observation #41 · Report pp. 107–108 (PDF pp. 219–220)

The auditor observed: *CLA noted that the District’s delegation of contract signatory authority was not maintained within a centralized, formally accessible policy framework. While Shelby County Board of Education Policy 2012 establishes that contracts must be executed by the Superintendent or an authorized designee, the detailed delegation of authority was communicated through separate memoranda that were not incorporated into the Procurement Services Manual or consis...*

Corrective action	The same centralization answer as Observation #40: the delegation framework moves from separate memoranda into a formally accessible structure (dedicated BoardDocs section, active/archived versioning, website posting, revision notification), incorporated by reference into the Procurement Services Manual under R-24’s manual updates — which is precisely the centralized, formally accessible policy framework this observation found absent. No additional action required.
Responsible	Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

Observation #48 · Report p. 112 (PDF p. 224)

The auditor observed: *The procurement Services Manual does not fully reflect electronic PO processes. During the forensic audit process, CLA noted that portions of the Procurement Services Manual appear to reflect a paper-based purchasing environment and have not been fully updated to align with the District’s current electronic system (APECS).*

Corrective action	This condition is addressed within the manual-modernization element carried with R-16 (and the R-24 manual updates): the Procurement Services Manual will be updated to reflect the electronic PO and Contract Advantage processes actually in use, retiring the paper-based descriptions this observation identifies, with the centralized delegation framework (Observation #41) incorporated in the same revision. No additional action required.
Responsible	Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

R-16 — Recommendation · Report p. 129 (PDF p. 241)

The auditor recommended: *Improve coordination between Procurement and the Contracts team to support complete documentation of procurement decisions. The District should formally document and disseminate roles and responsibilities for Procurement, Contracts/Legal, and Accounts Payable as they relate to procurement processes. This documentation should specify who is responsible, accountable, consulted, and informed at each stage of the process, including exceptions and escalation paths. The lack of clarity observed during interviews and testing resulted in gaps where: • Procurement assumed legal or accounts payable would validate compliance; • Accounts payable relied on invoice signatures without verifying contractual alignment; and • Contract advisors were not positioned to enforce compliance once contracts were executed. A clearly documented responsibility matrix would reduce ambiguity, strengthen accountability, and support consistent application of controls across departments. The District should enhance coordination between Procurement and the Contracts team so that procurement decisions (e.g., RFP/RFQ processes) are formally communicated, documented, and retained within Contract Advantage to support a complete and consistent audit trail.*

Position	Agree
Corrective action	Roles and responsibilities for procurement decisions are formally documented and disseminated. The Superintendent’s delegation memoranda on signature authority are maintained in a dedicated BoardDocs library section, with the current version identified as active and prior versions archived for historical reference, posted to the Procurement Services website, and notified district-wide whenever a memorandum is revised, so that the authority in effect at any execution date is centrally verifiable. The Procurement Services Manual is being updated in the same revision to reflect the electronic purchase order and Contract Advantage processes now in use, retiring the paper-based descriptions, and to incorporate the delegation framework by reference. These steps operate within the formalized coordination between Procurement and the Contracts and Transactions team — defined cross-functional checkpoints and joint training on shared accountability — carried in the Board-adopted Corrective Action Plan at action 3.8.
Responsible	Tito Langston, Chief of Business Operations / Justin Bailey, General Counsel
Anticipated completion	March 12, 2027

Observation #36 · Report pp. 94–97 (PDF pp. 206–209)

The auditor observed: *CLA observed inadequate contracting and oversight that resulted in unsupported billing and the potential duplication of services already paid for. Vendor: Council of the Great City Schools, 2023-0426, \$45,000.00 Scope: "Council of the Great City Schools will provide executive coaching services, including one on-one coaching for the Deputy Superintendent, Academics.*

Corrective action	The covering commitments reach each element of this observation (\$45,000.00, Council of the Great City Schools): vendor registration and procurement requirements enforced before any work commences (R-22 / Board CAP action 1.7); documented delivery evidence required before invoice approval (R-19); scope overlap and duplication checked at pre-execution validation (R-25 / Board CAP actions 5.1–5.2); and the Procurement–Contracts coordination checkpoints (R-17, R-18 / action 3.8) supplying the joint oversight the engagement lacked. No additional action required.
Responsible	Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

Observation #43 · Report pp. 109–110 (PDF pp. 221–222)

The auditor observed: *CLA identified seven professional services contracts totaling \$1,377,407.50 in disbursements for which evidence of required Board approval was not attached to the associated purchase orders. As a result, it was unclear what documentation was reviewed or relied upon at the time the POs were created and approved.*

Corrective action	Under R-17's checkpoints, evidence of required Board approval must be attached to the associated purchase order before execution and payment (\$1,377,407.50 across 7 contracts), making approval verifiable at the document level rather than assumed from the meeting record. No additional action required.
Responsible	LaQueeya Braxton, Procurement
Anticipated completion	As stated at the cited item

Observation #44 · Report p. 110 (PDF p. 222)

The auditor observed: *CLA observed one professional services contract totaling \$75,000.00, which was paid in a single disbursement without evidence of an issued PO. As a result, the payment was processed without documentation demonstrating that the required procurement steps were completed prior to the authorization of services and disbursement of funds.*

Corrective action	Three layers reach the no-PO payment (\$75,000.00 in a single disbursement): pre-execution validation in Contract Advantage (R-25 / Board CAP actions 5.1–5.2) blocks services commencing without an executed instrument; the Procurement–Contracts checkpoints (R-17) catch a missing PO in review; and R-29 (Board CAP action 2.7) supplies enforcement when the requirement is bypassed — Out-of-Compliance letters centrally retained with supervisory review confirming follow-through. No additional action required.
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	As stated at the cited item

Observation #46 · Report p. 111 (PDF p. 223)

The auditor observed: *CLA observed four professional services contracts, in addition to others discussed elsewhere in this report, totaling \$969,341.02 in disbursements for which invoices did not include the level of detail required by the underlying contractual agreements. Specifically, invoices frequently lacked key support such as detailed descriptions of tasks performed, time spent by task, and, where applicable, the names of personnel performing the work and date...*

Corrective action	R-27's invoice-review evidence standard answers the invoice-detail condition (\$969,341.02 across 4 contracts): deliverable support attached before approval, with defined success measures at initiation and an outcome review for every engagement above the threshold (Academics Plan §§2.1, 3.2); R-17's checkpoints extend the contract-detail requirement across the portfolio. No additional action required.
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	As stated at the cited item

R-17 — Recommendation · Report pp. 129–130 (PDF pp. 241–242)

The auditor recommended: *Implement mandatory cross-functional checkpoints. The District should implement mandatory cross functional checkpoints for professional services contracts, particularly prior to execution and prior to payment. These checkpoints should require confirmation that: • Procurement requirements have been satisfied and budget has been verified; • Contracts are executed and reflect approved terms; • Vendors are properly registered and eligible for payment; and • Invoices include sufficient detail and align with contractual deliverables. Requiring affirmative confirmation at defined points would reduce reliance on informal practices and prevent transactions from progressing when required steps have not been completed.*

Position	Agree
Corrective action	Mandatory cross-functional checkpoints apply to professional services contracts before execution and before payment. At the pre-execution checkpoint the signatory's authority is verified against the delegation memoranda in force, and

	evidence of any required Board approval is attached to the associated purchase order, so that approval is verifiable at the document level rather than assumed from the meeting record. At the pre-payment checkpoint the contract, purchase order and invoice detail are reconciled before payment is released. These steps operate within the formalized coordination between Procurement and the Contracts and Transactions team — defined cross-functional checkpoints and joint training on shared accountability — carried in the Board-adopted Corrective Action Plan at action 3.8.
Responsible	Tito Langston, Chief of Business Operations / Justin Bailey, General Counsel
Anticipated completion	March 12, 2027

Observation #30 · Report pp. 70–79 (PDF pp. 182–191)

The auditor observed: *CLA observed a lack of oversight of the consultants engaged as principal mentors, leading to instances where work was invoiced despite not being completed. CLA also identified a lack of review of the underlying support for the stated work performed.*

Corrective action	R-19 (Academics Action Plan §§2.1–2.2) answers this observation directly: effective immediately, no invoice on an Academics consulting or coaching engagement is approved without documented evidence of delivery — session logs and attendance for coaching and mentoring, work product for advisory — which reaches the invoiced-but-not-performed principal-mentor condition. R-18's formalized Procurement–Contracts checkpoints (Board CAP action 3.8) supply the oversight structure around it. No additional action required.
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	As stated at the cited item

Observation #35 · Report pp. 93–94 (PDF pp. 205–206)

The auditor observed: *MSCS employees at a certain level are authorized to select vendors, execute contracts, and approve invoices, demonstrating insufficient internal controls. In Observation #29 and Observation #32, the deputy superintendent was authorized to select a vendor, execute a contract, and approve invoices for payment.*

Corrective action	R-21 prohibits the exact concentration this observation describes: no division leader may select the vendor, execute the contract, and approve the invoices on the same engagement, and every Academics consulting engagement receives a contract monitor who is not the initiating executive (Academics Plan §2.2). R-18's cross-functional checkpoints (action 3.8) make the separation operative in the transaction flow. No additional action required.
Responsible	Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

R-18 — Recommendation · Report p. 130 (PDF p. 242)

This recommendation also arises from: *Observation #36 (stated at R-17).*

The auditor recommended: *Provide joint training and reinforce shared accountability. The District should conduct joint training sessions for procurement, contracts/legal, and accounts payable staff focused on the end to end procurement process. Training should emphasize how each function's responsibilities intersect and how failures at any point can result in improper payments, compliance violations, or misuse of public resources. Reinforcing shared accountability across functions would help shift the culture from task based processing to collective stewardship of District funds.*

Position	Agree
Corrective action	Joint training is delivered to procurement, contracts and legal, and accounts payable staff on the end-to-end professional services process, covering the documentation required at each stage, the separation between selecting a vendor, executing a contract and approving its invoices, and the escalation route when a required document is missing. Attendance is recorded and the training is repeated for new staff in those functions. These steps operate within the formalized coordination between Procurement and the Contracts and Transactions team — defined cross-functional checkpoints and joint training on shared accountability — carried in the Board-adopted Corrective Action Plan at action 3.8.
Responsible	Tito Langston, Chief of Business Operations / Justin Bailey, General Counsel
Anticipated completion	March 12, 2027

Observation #49 · Report pp. 112–126 (PDF pp. 224–238)

The auditor observed: *During the initial testing phase, observations were made as to the lack of oversight on contracts initiated and monitored by the chief of academics. Based on those procedures, CLA selected an additional testing population consisting of those contracts signed or monitored by the chief of academics that were not included in the original professional services testing population.*

Corrective action	The corrective action committed under R-19 addresses the condition described: Academics-division scope per Academics Action Plan §§2.1–2.2: effective immediately, no invoice on an Academics consulting or coaching engagement is approved without documented evidence of delivery (session logs/attendance for coaching-mentoring,
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	work product for advisory engagements, dates/hours reconciled to contract), verified by someone other than the engagement's initiator and retained with the payment record; every engagement assigned a contract. No additional action required.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer (standard); designated contract monitors (verification); Accounts Payable (evidence gate)
Anticipated completion	As stated at the cited item

R-19 — Recommendation · Report p. 130 (PDF p. 242)

This recommendation also arises from: *Observation #30 (stated at R-18); Observation #36 (stated at R-17).*

The auditor recommended: *Establish clear accountability for contract oversight after execution and strengthen invoice review and documentation requirements. The District should establish a comprehensive contract monitoring and invoice review framework for contracts that clearly assigns accountability for oversight from contract execution through completion. This framework should require designation of a contract owner responsible for verifying service delivery, reviewing invoices for compliance with contract terms, and maintaining contemporaneous documentation of monitoring activities. Standardized procedures should be implemented, including required documentation of oversight activities in a centralized system, use of invoice review checklists aligned to contract provisions (e.g., dates of service, level of effort, deliverables, and budget coding), and evidence of review and approval prior to payment (e.g., signatures or system-based approvals in APECS). Additionally, the District should enforce consistent invoice content requirements and establish system-based controls or validation checks to ensure completeness, accuracy, and traceability of expenditures to approved funding sources before payment is processed.*

Position	Agree
Corrective action	Academics-division scope per Academics Action Plan §2.1–2.2: effective immediately, no invoice on an Academics consulting or coaching engagement is approved without documented evidence of delivery (session logs/attendance for coaching-mentoring, work product for advisory engagements, dates/hours reconciled to contract), verified by someone other than the engagement's initiator and retained with the payment record; every engagement assigned a contract monitor independent of the initiating executive. Former-MSCS-employee consultants require disclosure and heightened review with independent monitoring (§2.4). The district-wide post-execution oversight standard is addressed under the Board-adopted Corrective Action Plan. Board CAP P3 action 3.4: assign every active contract to a named owner with a documented monitoring responsibility, and establish quarterly performance verification against deliverables.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer (standard); designated contract monitors (verification); Accounts Payable (evidence gate)
Anticipated completion	October 9, 2026

Observation #32 · Report pp. 85–86 (PDF pp. 197–198)

The auditor observed: *CLA observed that contract 2024-0436 contained conflicting terms and lacked oversight. Vendor: EdSpace Consulting Group, LLC A contract was identified for Edspace Consulting Group, LLC (EdSpace) consistent with information listed in Table 35.*

Corrective action	The corrective actions committed under R-20 and R-21 address the conditions described: under the Academics Action Plan §2.1, no payment is made on a consulting or coaching engagement without deliverable evidence reconciled to the contract, eliminating payment in advance of or without verified performance; and under §2.2 every Academics consulting engagement is assigned a contract monitor who is not the initiating executive, with no division leader selecting the vendor, executing the contract and approving the invoices on the same engagement. Contract-term conflicts are addressed at the Procurement–Contracts pre-execution checkpoints (Board CAP action 3.8). No additional action required.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer
Anticipated completion	As stated at the cited item

Observation #34 · Report pp. 88–93 (PDF pp. 200–205)

The auditor observed: *CLA observed that contracts 2022-0639 and 2024- 0435 contained conflicting terms and lacked oversight. Vendor: Charter School Consultant 01 Two contracts were identified for Charter School Consultant 01, the current CEO of a charter school network operating under the MSCS umbrella.*

Corrective action	This condition is addressed on the same basis as Observation #32: deliverable-evidence verification before payment (Academics Action Plan §2.1) and separation of vendor selection, contract execution and invoice approval with an independent contract monitor (§2.2), together with pre-execution validation of contract terms at the Procurement–Contracts checkpoints. Where an engagement benefits a specific executive, approval routes to an independent approver. No additional action required.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer
Anticipated completion	As stated at the cited item

R-20 — Recommendation · Report p. 131 (PDF p. 243)

The auditor recommended: *Prohibit advance payment absent explicit authorization. The District should reaffirm and enforce policies prohibiting payment for services prior to completion unless explicitly authorized by contract and supported by appropriate safeguards. Any exceptions should require documented justification and higher level approval.*

Position	Agree
Corrective action	Academics-division scope per Academics Action Plan §2.1: no payment on consulting/coaching engagements without deliverable evidence reconciled to the contract — eliminating payment in advance of, or without, verified performance. The district-wide advance-payment prohibition is addressed under the Board-adopted Corrective Action Plan.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer; Accounts Payable
Anticipated completion	March 12, 2027

R-21 — Recommendation · Report p. 131 (PDF p. 243)

This recommendation also arises from: *Observation #35 (stated at R-18).*

The auditor recommended: *Improve segregation of duties. The District should evaluate and redesign its internal controls to promote appropriate segregation of duties across vendor selection, contract execution, invoice approval, and payment processing. No single individual should have authority over all phases of a professional services transaction.*

Position	Agree
Corrective action	Per Academics Action Plan §2.2: for every Academics consulting engagement, assign a contract monitor who is not the initiating executive; prohibit any division leader from selecting the vendor, executing the contract, and approving the invoices on the same engagement; route engagements benefiting a specific executive (e.g., coaching for that person) to an independent approver — the Superintendent or CFO.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer; Superintendent (independent approvals)
Anticipated completion	March 12, 2027

Observation #31 · Report pp. 79–85 (PDF pp. 191–197)

The auditor observed: *CLA observed established policies and procedures were not adhered to when contracting a consultant, resulting in a vendor performing work outside of the official procurement framework and \$198,000.00 being invoiced to the District without an allocated budget for these funds. Vendor: Security Consultant 01 Two professional services contracts for vendor Security Consultant 01 were identified included in the professional services testing population ...*

Corrective action	The corrective actions committed under R-22 and R-29 address the condition described (\$198,000.00): procurement and vendor registration requirements are enforced before work commences (Board CAP action 1.7), and enforcement operates under the Out of Compliance Payment Accountability and Progressive Discipline Process, a standard operating procedure effective July 7, 2026, under which each confirmed occurrence is issued a physical Out-of-Compliance letter documented by Finance and Human Resources, a copy is placed in the responsible employee's personnel file, the applicable Senior Leader is notified and accountable, Finance maintains a centralized log of occurrences reviewed with executive leadership monthly, and progressive discipline applies to repeat occurrences (Board CAP action 2.7). No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-22 and R-29.
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	As stated at the cited item

R-22 — Recommendation · Report p. 131 (PDF p. 243)

This recommendation also arises from: *Observation #36 (stated at R-17).*

The auditor recommended: *Enforce procurement and vendor registration requirements. The District should implement and enforce comprehensive controls to ensure that all vendors comply with required procurement, registration, and safety requirements prior to commencing work or accessing District facilities. This includes requiring vendors to complete registration, fingerprinting, and background checks, with clearance verified through a centralized system before approval. Additionally, the District should reinforce adherence to established procurement processes such as requisitions, budget verification, and purchase orders where applicable and prohibit vendors from beginning services until all requirements are fully completed and documented. Ongoing monitoring procedures should be established to ensure continued compliance, and any circumvention of procurement, registration, or safety controls should be addressed through corrective and disciplinary actions.*

Position	Agree
Corrective action	Board CAP P1 action 1.7: enforce procurement and vendor registration requirements before work commences.
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	December 18, 2026

Observation #39 · Report p. 104 (PDF p. 216)

The auditor observed: *CLA observed several contracts incorrectly classified as professional services in Contract Advantage. As previously discussed in Observation #29, CLA was informed that the contract requestor is responsible for selecting the contract classification when submitting a request through Contract Request, and the contracts team is responsible for correcting the classification if necessary.*

Corrective action	The corrective action committed under R-23 addresses the condition described: Board CAP P1 action 1.8: standardize procurement method identification, classification and supporting documentation, and reconcile classification between Contract Advantage and APECS; classification validated at intake. The comprehensive review-and-correct exercise for professional-services classifications is addressed under the Board-adopted Corrective Action Plan. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

R-23 — Recommendation · Report p. 131 (PDF p. 243)

The auditor recommended: *Enhance contract classification and system integrity. The District should conduct a comprehensive review of professional services contract classifications within Contract Advantage and correct inaccuracies. Controls should be implemented to increase the likelihood that the contract type is reviewed and validated at intake, as misclassification undermines reporting, compliance monitoring, and Board oversight.*

Position	Agree
Corrective action	Contract classification and system integrity are addressed through Board CAP action 1.8: the District will conduct a comprehensive review of professional services contract classifications in Contract Advantage, correct misclassified entries, and thereafter standardize procurement method identification, classification and supporting documentation, and reconcile classification between Contract Advantage and APECS; classification validated at intake. The comprehensive review-and-correct exercise for professional-services classifications is addressed under the Board-adopted Corrective Action Plan.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

Observation #42 · Report pp. 108–109 (PDF pp. 220–221)

The auditor observed: *Based on procedures performed, CLA identified 16 professional services contracts totaling \$991,418.75 in disbursements for which the required Procurement Advisory Form (PAF) could not be located in either Contract Advantage or APECS, the District's designated systems of record for procurement documentation. Per the Procurement Services Manual, the PAF is a required document completed by Procurement Services to indicate the actions necessary to pr...*

Corrective action	R-24 reaches the missing-PAF condition (\$991,418.75 across 16 contracts): the PAF requirement is enforced at the defined Procurement–Contracts checkpoints (action 3.8), so a professional-services contract does not proceed without the form completed and retrievable in Contract Advantage or the procurement file. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement; Denise Brownlee, Contract Administrator, Contracts and Transactions
Anticipated completion	As stated at the cited item

Observation #47 · Report pp. 111–112 (PDF pp. 223–224)

The auditor observed: *CLA noted several instances where one or more parties did not date contract signatures. While District policies and the Procurement Services Manual do not explicitly require signatures to be dated, the absence of signature dates limits the ability to clearly establish when agreements were formally executed.*

Corrective action	R-26 addresses undated signatures directly: signature/execution date validation — including rules for erroneous dates and validation that contracts are fully executed before services commence — sits within the Contract Advantage pre-execution validation scope (Board CAP action 5.1); R-24 carries the companion Procurement Services Manual amendment so signature dating becomes an explicit written requirement rather than an unstated practice. No additional action required.
Responsible	Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

R-24 — Recommendation · Report pp. 131–132 (PDF pp. 243–244)

This recommendation also arises from: *Observation #41 (stated at R-16).*

The auditor recommended: *Consolidate and document the professional services contract lifecycle. The District should develop a consolidated, end to end professional services contracting procedure that integrates procurement, legal, contract administration, and accounts payable requirements. A single, documented workflow would reduce reliance on informal practices and institutional knowledge and promote consistent compliance across departments.*

Position	Agree
Corrective action	The professional services contract lifecycle is being consolidated into a single documented procedure integrating procurement, legal and accounts payable steps. The Procurement Authorization Form is required and enforced at the defined Procurement–Contracts checkpoints, so that a professional services contract does not proceed without the form completed and retrievable in Contract Advantage or the procurement file; signature and execution dates are validated within Contract Advantage pre-execution validation, including rules for erroneous dates and confirmation that a contract is fully executed before services commence. The consolidated procedure is incorporated into the Procurement Services Manual. These steps operate within the formalized coordination between Procurement and the Contracts and Transactions team — defined cross-functional checkpoints and joint training on shared accountability — carried in the Board-adopted Corrective Action Plan at action 3.8.
Responsible	Tito Langston, Chief of Business Operations / Justin Bailey, General Counsel
Anticipated completion	March 12, 2027

Observation #38 • Report pp. 100–104 (PDF pp. 212–216)

The auditor observed: *CLA observed two vendors with identical scopes of work contracted simultaneously. Hamilton Strategy & Consulting (Figure 20) and FBS of Memphis (Figure 21) were vendors that received consulting contracts with identical scopes of work in 2023 as shown in Table 45.*

Corrective action	The corrective actions committed under R-25, R-28 and R-30 address the condition: the Academics division maintains a registry of every active consulting, coaching, mentoring and professional-learning engagement (vendor, scope, beneficiary, term, amount and monitor), and every new request is screened against the registry for overlapping scope before contracting, so that two vendors are not engaged for the same work at the same time; Contract Advantage pre-execution validation (R-25) and the contract-term expiration alerts and amendment requirements at R-28 support that control. Corrective action, responsible position, and anticipated timeline: as stated at R-25, R-28 and R-30.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer, with LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

R-25 — Recommendation • Report p. 132 (PDF p. 244)

This recommendation also arises from: *Observation #36 (stated at R-17); Observation #44 (stated at R-17).*

The auditor recommended: *Implement pre-execution controls within APECS and contract systems. The District should configure system-based controls within APECS and Contract Advantage to prevent processing of contracts, invoices, or payments unless required prerequisites are completed (e.g., executed contract, vendor registration, approved requisition/PO where applicable). Hard-stop controls would reduce the ability to bypass procurement and contract approval requirements.*

Position	Agree
Corrective action	Board CAP P5 actions 5.1 and 5.2: complete the planning/feasibility phase for Contract Advantage pre-execution validation (vendor and IT review of on-premises functionality, cloud alternatives, and interim manual workarounds for request-by dates inconsistent with Board timelines, missing Board submission components, and value mismatches between payment authorization, PAF, and Board materials); plus the manual traceability control — Contract Advantage contract number required on applicable requisitions, Board submission materials, and APECS records, under a documented Procurement/Contracts/Controller SOP with exception process.
Responsible	Tito Langston, Chief of Business Operations / Jamie Morton, Deputy General Counsel / Thomas Perry Jr., Senior Counsel, Office of General Counsel / Reginald Harris, Manager, Datacenter and System Administration — Information Technology (5.1); Tito Langston, Chief of Business Operations / Leslie Knighten, Controller, Accounting and Reporting / LaQueeya Braxton, Director of Procurement / Thomas Perry Jr., Senior Counsel, Office of General Counsel (5.2)
Anticipated completion	March 12, 2027

Observation #33 • Report pp. 86–88 (PDF pp. 198–200)

The auditor observed: *CLA observed that contract 2021-0990 was backdated approximately nine months, possibly due to a relationship with a board member. Vendor: GT Security Inc.*

Corrective action	The corrective actions committed under R-26, R-28 address the condition described: Board CAP P5 action 5.1: planning and feasibility phase for Contract Advantage pre-execution validation, including rules for erroneous dates Further, Facilities-division contribution per Facilities Action Plan Rev. No additional action required.
Responsible	Tito Langston, Chief of Business Operations / Jamie Morton, Deputy General Counsel / Thomas Perry Jr., Senior Counsel, Office of General Counsel / Reginald Harris, Manager, Datacenter and System Administration — Information Technology
Anticipated completion	As stated at the cited item

R-26 — Recommendation • Report p. 132 (PDF p. 244)

This recommendation also arises from: *Observation #47 (stated at R-24).*

The auditor recommended: *Require contract execution date validation controls. The District should require verification that contracts are fully executed prior to the commencement of services. This may include system validation of execution dates and controls to prevent invoice processing for services performed prior to contract execution unless formally approved and documented as an exception.*

Position	Agree
Corrective action	Board CAP P5 action 5.1: planning and feasibility phase for Contract Advantage pre-execution validation, including rules for erroneous dates. Execution-date validation (contract fully executed before services commence) is among the validation rules scoped in the 5.1 planning phase; an interim manual workaround is documented and operates until the system configuration is in place.
Responsible	Tito Langston, Chief of Business Operations / Jamie Morton, Deputy General Counsel / Thomas Perry Jr., Senior Counsel, Office of General Counsel / Reginald Harris, Manager, Datacenter and System Administration — Information Technology
Anticipated completion	March 12, 2027

Observation #45 · Report pp. 110–111 (PDF pp. 222–223)

The auditor observed: *CLA identified one professional services contract totaling \$3,500.00 in disbursements for which an incorrect invoice was maintained in APECS. The invoice stored in the system was unrelated to the vendor associated with the contract and did not correspond to the goods or services procured.*

Corrective action	The corrective action committed under R-27 addresses the condition described (\$3,500.00): Academics-division scope per Academics Action Plan §§2.1, 3.2: invoice-review evidence standard (deliverable support attached before approval) plus evaluation discipline — every engagement above a threshold receives defined success measures at initiation and an outcome review at completion that informs renewal. The district-wide invoice-checklist standard is addressed under the Board-adopted Corrective Action Plan. No additional action required.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer; designated contract monitors; Research/Evaluation team (outcome reviews)
Anticipated completion	As stated at the cited item

R-27 — Recommendation · Report p. 132 (PDF p. 244)

This recommendation also arises from: *Observation #46 (stated at R-17).*

The auditor recommended: *Establish standardized invoice review checklists. The District should implement a standardized invoice review checklist aligned with contract provisions, requiring verification of key elements such as dates of service, level of effort, deliverables, and alignment with contract terms. Completion of the checklist should be documented prior to payment approval.*

Position	Agree
Corrective action	Academics-division scope per Academics Action Plan §§2.1, 3.2: invoice-review evidence standard (deliverable support attached before approval) plus evaluation discipline — every engagement above a threshold receives defined success measures at initiation and an outcome review at completion that informs renewal. The district-wide invoice-checklist standard is addressed under the Board-adopted Corrective Action Plan. Board CAP P3 action 3.4: invoice review against contract provisions performed by the named contract owner as part of the documented monitoring responsibility. The standardized district-wide invoice-review checklist itself is addressed under the Board-adopted Corrective Action Plan.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer; designated contract monitors; Research/Evaluation team (outcome reviews)
Anticipated completion	March 12, 2027

R-28 — Recommendation · Report pp. 132–133 (PDF pp. 244–245)

This recommendation also arises from: *Observation #33 (stated at R-26); Observation #38 (stated at R-25).*

The auditor recommended: *Strengthen controls over contract amendments and scope changes. The District should require that all contracts, renewals, extensions, and scope changes are formally procured, approved, and fully executed prior to the commencement or continuation of services and before any related payments are processed. The District should ensure renewal provisions are clearly incorporated into executed contracts; require verification of an active, appropriately approved contract and purchase order prior to processing transactions; and implement a formal contract tracking process with expiration monitoring to prevent lapses in authorization. In accordance with Board Policy 2006, all contracts requiring Board approval should be presented and approved in advance of their effective dates. Additionally, contract terms including scope, pricing, start and end dates, and payment methodology, should be clearly defined at execution, and any modifications including changes to scope, deliverables, or pricing, should be formalized through written amendments approved by individuals with delegated authority and, where required, the Board. These actions will promote consistent compliance with procurement requirements, reduce reliance on informal practices, and ensure all contractual activities are properly authorized, documented, and monitored.*

Position	Agree
Corrective action	Facilities-division contribution per Facilities Action Plan §3.2: automated 90/60/30-day expiration alerts on all facilities contracts; executed amendment required before any work continues past a term date; payment block on invoices dated after contract expiration absent an amendment. The district-wide amendment/renewal control is addressed

	under the Board-adopted Corrective Action Plan. Board CAP P3 action 3.3: implement automated expiration alerts at 90, 60 and 30 days; require an executed amendment before work continues past term; block payment on post-expiration invoices absent an amendment. Renewal decisions are informed by the District's quarterly Contract Impact Reports, in which the Office of Research and Performance Management reports indicators against each Board-approved contract's scope, execution and outcomes to the Board, including performance rankings and return on investment.
Responsible	Contract Administration (system alerts); Facilities project managers (amendment initiation); Accounts Payable (payment block)
Anticipated completion	March 12, 2027

R-29 — Recommendation · Report p. 133 (PDF p. 245)

This recommendation also arises from: *Observation #31 (stated at R-22); Observation #44 (stated at R-17).*

The auditor recommended: *Formalize and strengthen exception and non-compliance review processes. The District should formalize a comprehensive exception review process for transactions that do not comply with established procurement and contract management requirements (e.g., services performed prior to contract execution, unsupported or insufficiently detailed invoices, or payments processed outside standard controls). This process should require clear documentation of the circumstances, supervisory review, and appropriate approval prior to payment. While the District has established an Out-of-Compliance letter process intended to address instances where purchases are made without an approved purchase order, this process is limited in scope and does not address the broader range of non-compliance identified during testing. Additionally, as noted elsewhere in this report, the Out-of-Compliance process was not consistently applied in practice. Accordingly, the District should expand and standardize its non-compliance framework to capture all types of procurement and contracting exceptions. This should include centralized tracking of exceptions, documentation of root causes, and periodic monitoring to identify trends and implement corrective actions. Strengthening this process will improve accountability, reinforce adherence to policies, and reduce the likelihood of recurring control failures.*

Position	Agree
Corrective action	A comprehensive exception and non-compliance review process is formalized under Board CAP action 2.7: transactions that bypass a required procurement step are identified and reviewed on a defined cycle, and enforcement operates under the Out of Compliance Payment Accountability and Progressive Discipline Process, a standard operating procedure effective July 7, 2026, under which each confirmed occurrence is issued a physical Out-of-Compliance letter documented by Finance and Human Resources, a copy is placed in the responsible employee's personnel file, the applicable Senior Leader is notified and accountable, Finance maintains a centralized log of occurrences reviewed with executive leadership monthly, and progressive discipline applies to repeat occurrences. The process applies district-wide — to salaries, invoices, contracts, procurement and other financial transactions — and the broader all-exception-type framework beyond Out-of-Compliance letters is addressed under the Board-adopted Corrective Action Plan.
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	December 18, 2026

Observation #37 · Report pp. 98–100 (PDF pp. 210–212)

The auditor observed: *CLA observed duplicative leadership support services occurring in the same time period for the same MSCS employee. Vendor: Forward Consulting Two professional services contracts were identified for Forward Consulting as shown in Table 42.*

Corrective action	The corrective action committed under R-30 addresses the condition described: Per Academics Action Plan §§2.3, 4.1: division registry of every active consulting, coaching, mentoring, and professional-learning engagement (vendor, scope, beneficiary, term, amount, monitor); every new request screened against it before a PAF is submitted — identical/overlapping scopes require written justification or consolidation, and services duplicating internal capacity require a documented needs determination; portfolio managed under... No additional action required.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer (registry and portfolio); Procurement (intake screen)
Anticipated completion	As stated at the cited item

R-30 — Recommendation · Report pp. 133–134 (PDF pp. 245–246)

This recommendation also arises from: *Observation #38 (stated at R-25).*

The auditor recommended: *Require documented basis for professional services vendor selection. Although competitive bidding is not required for professional services, the District should require documentation supporting the basis for vendor selection using datapoints such as qualifications, experience, reasonableness of pricing, to demonstrate that procurement decisions were made in the District's best interest.*

Position	Agree
Corrective action	Per Academics Action Plan §§2.3, 4.1: division registry of every active consulting, coaching, mentoring, and professional-learning engagement (vendor, scope, beneficiary, term, amount, monitor); every new request screened against it before a PAF is submitted — identical/overlapping scopes require written justification or consolidation, and services duplicating internal capacity require a documented needs determination; portfolio managed under an annual plan with needs assessment, consolidated procurement, and annual spend-versus-impact review to the Superintendent. Board CAP P3 action 3.5: documented basis for vendor selection enforced through the pre-execution documentation checklist — requisition, quotes or SOW, conflict-of-interest disclosures, and justification for any noncompetitive method. The

	division registry is established under the Academics Action Plan; the district-wide checklist is addressed under Board CAP action 3.5 (Contracts element by March 12, 2027).
Responsible	Dr. Angela Whitelaw, Chief Academic Officer (registry and portfolio); Procurement (intake screen)
Anticipated completion	July 31, 2027

Observation #58 · Report p. 144 (PDF p. 256)

The auditor observed: *CLA identified multiple instances where invoices did not contain evidence of formal approval, observing several invoices that lacked any approval signatures or other clear indication of review prior to payment. The Procurement Services Manual requires that invoices be supported by appropriate approval to demonstrate that goods or services were received, reviewed, and authorized for payment.*

Corrective action	The corrective action committed under R-31 addresses the condition described: Board CAP P3 action 3.2: require contract-number references in PO terms and conditions for vendor invoices, validated before PO issuance. The broader invoice-content and budget-coding standard is addressed under the Board-adopted Corrective Action Plan. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (invoice requirement); Tito Langston, Chief of Business Operations
Anticipated completion	As stated at the cited item

Observation #59 · Report pp. 144–145 (PDF pp. 256–257)

The auditor observed: *CLA identified that nine invoices included budget codes, while the remaining invoices reviewed did not contain this information. The inconsistent inclusion of budget codes across invoices limits the ability to consistently trace expenditures to approved funding sources and budget allocations.*

Corrective action	The corrective action committed under R-31 addresses the condition described: Board CAP P3 action 3.2: require contract-number references in PO terms and conditions for vendor invoices, validated before PO issuance. The broader invoice-content and budget-coding standard is addressed under the Board-adopted Corrective Action Plan. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (invoice requirement); Tito Langston, Chief of Business Operations
Anticipated completion	As stated at the cited item

R-31 — Recommendation · Report p. 146 (PDF p. 258)

The auditor recommended: *Standardize invoice content and budget coding practices. The District should require consistent inclusion of key information on invoices, including budget codes, to strengthen traceability between expenditures and approved funding sources. Consideration should be given to system- based controls or validation checks to prevent processing of invoices lacking required information.*

Position	Agree
Corrective action	Board CAP action 3.2 requires contract-number references in purchase order terms and conditions for vendor invoices, validated before purchase order issuance (Procurement element). For the statement of work element, every statement of work must contain, at minimum: (1) the vendor's name; (2) the work to be done; (3) the timeframe within which the work will be done; and (4) a detailed cost description with payment schedule. On invoice content and budget coding, the District will require that invoices consistently carry the key information needed to trace an expenditure to its approved funding source, including the budget code, and will apply validation checks within APECS so that an invoice lacking the required information is not processed for payment. The payment documentation standard at R-33 applies to every payment request, and Accounts Payable returns incomplete documentation to the originating department for correction before payment.
Responsible	LaQueeya Braxton, Director of Procurement (invoice requirement); Tito Langston, Chief of Business Operations
Anticipated completion	March 12, 2027

Observation #60 · Report p. 145 (PDF p. 257)

The auditor observed: *CLA identified several instances where purchases charged to Fund 12 (federal funds and grants) were processed using blanket POs, which are defined as POs established to facilitate repeated purchases from a single vendor over a defined period without specifying individual transactions in advance. The Procurement Services Manual states that Fund 12 purchases are subject to federal regulations and must adhere to more restrictive requirements where a...*

Corrective action	The corrective action committed under R-32 addresses the condition described: No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement, with Derrick Morris, Director II — Federal Programs and Operations (approval)
Anticipated completion	As stated at the cited item

R-32 — Recommendation · Report p. 146 (PDF p. 258)

The auditor recommended: *Clarify and reinforce requirements for federal funded purchases (Fund 12). The District should provide targeted guidance and training on procurement requirements specific to federal funding, including restrictions on the use of blanket purchase orders and the need for detailed, transaction-level documentation. Controls should be implemented to prevent the use of blanket POs for Fund 12 transactions when not permitted.*

Position	Agree
Corrective action	All purchases charged to federal funds require approval by the Federal Programs department before the purchase proceeds: requisitions charged to federal funds are routed in APECS to the Federal Programs team for approval, so that allowability and alignment with the award are confirmed at requisition rather than after payment. Charges to Fund 12 that are not federally allowable are identified at that approval step.
Responsible	LaQueeya Braxton, Director of Procurement, with Derrick Morris, Director II — Federal Programs and Operations (approval)
Anticipated completion	Completed — no anticipated completion date

Observation #57 · Report pp. 143–144 (PDF pp. 255–256)

The auditor observed: *CLA observed inconsistent use and documentation of the payment request forms. CLA identified that Payment Request Forms were not maintained for several samples where they would typically be expected based on the dollar threshold of the transaction. However, in these instances, the District instead processed the transactions through the PO process.*

Corrective action	R-33's committed clarification of payment-request documentation standards addresses the inconsistent use and documentation of payment request forms this observation describes.
Responsible	Paula Young, Manager of Accounts Payable
Anticipated completion	As stated at the cited item

R-33 — Recommendation · Report pp. 146–147 (PDF pp. 258–259)

The auditor recommended: *Improve policy communication, implementation, and change management. Given the inconsistencies identified, the District should enhance communication and implementation practices related to procurement policies and procedures. This should include not only periodic training for staff involved in procurement and accounts payable processes, but also formalized communication protocols when policies are introduced, revised, or clarified. Specifically, updates to policies should be accompanied by clear, centralized communication that outlines the nature of the change, expectations for compliance, and the effective date of the revised policy. Documentation of policy changes should be readily accessible, and staff should be provided with sufficient guidance to ensure consistent application. Strengthening communication around policy updates will help reduce confusion, improve adherence, and support consistent execution of procurement and financial controls across the District.*

Position	Agree
Corrective action	An invoice is required to be submitted with every payment request; there are no exceptions. Once the payment request is submitted with its invoice, it is routed through APECS for approval before payment. This documentation standard applies uniformly to payment requests regardless of the form used to initiate them, and a purchase order does not substitute for the invoice requirement. Accounts Payable administers the standard at payment; Procurement applies it at requisition.
Responsible	Paula Young, Manager of Accounts Payable (administration at payment), with LaQueeya Braxton, Director of Procurement (application at requisition)
Anticipated completion	Completed — no anticipated completion date

Observation #61 · Report p. 150 (PDF p. 262)

The auditor observed: *The Contract Request submissions and Contract Advantage intake process has limitations, including inconsistent documentation of procurement methods. Many Contract Advantage summaries and supporting documents do not indicate the procurement method, even when it is identified in Contract Request.*

Corrective action	The corrective action committed under R-26 addresses the condition: the procurement method for each contract is recorded and supported at requisition, the Procurement Authorization Form is required and enforced at the defined Procurement–Contracts checkpoints so that the method determination is documented rather than inferred, and Contract Advantage entries are validated against the procurement file. Where a purchase is characterized as an emergency, the basis for that characterization is documented in the procurement file. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-26.
Responsible	LaQueeya Braxton, Director of Procurement, with Denise Brownlee, Contract Administrator, Contracts and Transactions
Anticipated completion	As stated at the cited item

Observation #62 · Report p. 150 (PDF p. 262)

The auditor observed: *The Contracts Team does not independently validate or document procurement method determinations. Additionally, when a PAF is not uploaded, the procurement method ultimately used becomes difficult to verify because APECS does not track that information.*

Corrective action	The corrective action committed under R-26 addresses the condition: the procurement method for each contract is recorded and supported at requisition, the Procurement Authorization Form is required and enforced at the defined Procurement–Contracts checkpoints so that the method determination is documented rather than inferred, and Contract Advantage entries are validated against the procurement file. Where a purchase is characterized as an emergency, the basis for that characterization is documented in the procurement file. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-26.
Responsible	LaQueeya Braxton, Director of Procurement, with Denise Brownlee, Contract Administrator, Contracts and Transactions
Anticipated completion	As stated at the cited item

Observation #73 · Report p. 153 (PDF p. 265)

The auditor observed: *Single and sole source contracts were frequently misclassified and lacked required justification. The Contracts Team classified 496 contracts in Contract Advantage as “Sole” and 18 contacts as “Single,” even though these designations were not supported.*

Corrective action	The corrective actions committed under R-34, R-36 address the condition described: Facilities-division scope per Facilities Action Plan §2.2: require contemporaneous documentation for every facilities emergency/special procurement (unforeseen exigency per Policy 2006.III. Further, Facilities-division scope per Facilities Action Plan §2.2: every noncompetitive facilities procurement requires a contemporaneous Single/Sole Source or Emergency justification demonstrating the Policy 2006.III. No additional action required.
Responsible	Michelle Stuart, Facility Services Officer; Chris Lafoy, Director of Construction (requesting side); LaQueeya Braxton, Director of Procurement (approval side)
Anticipated completion	As stated at the cited item

R-34 — Recommendation · Report p. 155 (PDF p. 267)

The auditor recommended: *Require consistent identification of the procurement method across all contracts. The District should require that the procurement method (e.g., competitive bid, sole source, single source, emergency, cooperative, piggyback) be captured as a mandatory field within Contract Advantage and consistently reflected across all contract records and supporting documentation. Controls should be implemented to prevent submission or approval of contract requests with missing procurement method information.*

Position	Agree
Corrective action	Facilities-division scope per Facilities Action Plan §2.2: require contemporaneous documentation for every facilities emergency/special procurement (unforeseen exigency per Policy 2006.III.D, necessity of noncompetitive method, scope/duration limits, and explicit disclosure of any prior vendor involvement or work already performed); complete the emergency purchase approval form in every case; no retroactive “emergency” characterizations. District-wide implementation of the procurement-method intake control remains with Procurement. Board CAP P1 action 1.8: standardize procurement method identification, classification and supporting documentation, and reconcile classification between Contract Advantage and APECS.
Responsible	Michelle Stuart, Facility Services Officer; Chris Lafoy, Director of Construction (requesting side); LaQueeya Braxton, Director of Procurement (approval side)
Anticipated completion	October 9, 2026

Observation #67 · Report p. 152 (PDF p. 264)

The auditor observed: *CLA noticed a pattern of insufficient documentation, which prevented the determination of the proper procurement method. For 21 contracts tested, CLA was unable to determine whether the contract represented a special procurement because supporting documentation was insufficient.*

Corrective action	The corrective action committed under R-35 addresses the condition described: Facilities-division scope per Facilities Action Plan §2.2 and §3.3: enforce standardized contract documentation (PAF/requisition, procurement method, classification evidence) on all facilities procurements, with a file-completeness review before contract execution. District-wide standardization remains with Procurement. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (checklist); Facilities requesting managers (compliance)
Anticipated completion	As stated at the cited item

Observation #68 · Report p. 152 (PDF p. 264)

The auditor observed: *Requisition numbers and purchase orders were frequently missing. CLA identified 315 contracts with no purchase order number and 235 contracts with no requisition number.*

Corrective action	The corrective actions committed under R-35 and R-39 address the condition: under the Facilities Division Action Plan (§2.2 and §3.3), standardized contract documentation — Procurement Authorization Form or requisition, procurement method and classification evidence — is enforced on every facilities procurement, and under the Project Management Team invoice checklist (§2.7) no facilities payment is processed without complete procurement support, including the requisition and purchase order numbers. District-wide standardization of the same requirements sits with Procurement. Corrective action, responsible position, and anticipated timeline: as stated at R-35 and R-39.
Responsible	Michelle Stuart, Facility Services Officer, with LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

Observation #69 · Report p. 152 (PDF p. 264)

The auditor observed: PAFs contained errors or were missing. These deficiencies impaired the ability to trace contracts between systems: a) CLA noted 75 PAFs contained an incorrect requisition number; b) PAFs were missing entirely in 67 instances; and c) In 24 additional instances, PAFs did not include a requisition number and instead listed “N/A,” a budget document reference, or a purchase order number.

Corrective action	The corrective action committed under R-35 addresses the condition described: Facilities-division scope per Facilities Action Plan §2.2 and §3.3: enforce standardized contract documentation (PAF/requisition, procurement method, classification evidence) on all facilities procurements, with a file-completeness review before contract execution. District-wide standardization remains with Procurement. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (checklist); Facilities requesting managers (compliance)
Anticipated completion	As stated at the cited item

Observation #70 · Report pp. 152–153 (PDF pp. 264–265)

The auditor observed: There were missing or unexecuted contracts in Contract Advantage. CLA identified 18 contracts in Contract Advantage that did not include an executed agreement, and two contained no documentation at all.

Corrective action	The corrective action committed under R-35 addresses the condition described: Facilities-division scope per Facilities Action Plan §2.2 and §3.3: enforce standardized contract documentation (PAF/requisition, procurement method, classification evidence) on all facilities procurements, with a file-completeness review before contract execution. District-wide standardization remains with Procurement. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (checklist); Facilities requesting managers (compliance)
Anticipated completion	As stated at the cited item

R-35 — Recommendation · Report pp. 155–156 (PDF pp. 267–268)

The auditor recommended: Standardize contract documentation requirements to support procurement classification and auditability. The District should implement standardized documentation requirements for all contracts to maintain sufficient information is maintained to determine the procurement method. At a minimum, required documentation should include a completed PAF, procurement method designation, and supporting evidence of the procurement process.

Position	Agree
Corrective action	Facilities-division scope per Facilities Action Plan §2.2 and §3.3: enforce standardized contract documentation (PAF/requisition, procurement method, classification evidence) on all facilities procurements, with a file-completeness review before contract execution. District-wide standardization remains with Procurement. Board CAP P1 action 1.8: standardized documentation supporting procurement classification, reconciled between Contract Advantage and APECS.
Responsible	LaQueeya Braxton, Director of Procurement (checklist); Facilities requesting managers (compliance)
Anticipated completion	March 12, 2027

Observation #76 · Report p. 154 (PDF p. 266)

The auditor observed: Three emergency contracts tested, totaling \$464,389.00, lacked the required emergency purchase approval form. In some cases, the circumstances also did not appear to meet the Policy 2006.III.D requirement of an unforeseen danger to life, health, safety, or property.

Corrective action	The corrective action committed under R-36 addresses the condition described (\$464,389.00): Facilities-division scope per Facilities Action Plan §2.2: every noncompetitive facilities procurement requires a contemporaneous Single/Sole Source or Emergency justification demonstrating the Policy 2006.III.D standard, with prior-work disclosure; no retroactive justifications. District-wide form/workflow remains with Procurement. No additional action required.
Responsible	Michelle Stuart, Facility Services Officer; Chris Lafoy, Director of Construction; LaQueeya Braxton
Anticipated completion	As stated at the cited item

Observation #77 · Report p. 154 (PDF p. 266)

The auditor observed: *CLA noted contract irregularities. Contract 2021-0708 was labeled in Contract Advantage as a sole source contract, but it appeared to have been an emergency procurement.*

Corrective action	The corrective action committed under R-36 addresses the condition described: Facilities-division scope per Facilities Action Plan §2.2: every noncompetitive facilities procurement requires a contemporaneous Single/Sole Source or Emergency justification demonstrating the Policy 2006.III.D standard, with prior-work disclosure; no retroactive justifications. District-wide form/workflow remains with Procurement. No additional action required.
Responsible	Michelle Stuart, Facility Services Officer; Chris Lafoy, Director of Construction; LaQueeya Braxton
Anticipated completion	As stated at the cited item

R-36 — Recommendation · Report p. 156 (PDF p. 268)

This recommendation also arises from: *Observation #73 (stated at R-34).*

The auditor recommended: *Require justification documentation for noncompetitive procurements. The District should enforce compliance with Policy 2006 by requiring the completion and retention of Single/Sole Source Justification Forms for all applicable procurements. System controls or workflow approvals should be implemented to prevent contract execution without the required justification documentation.*

Position	Agree
Corrective action	Facilities-division scope per Facilities Action Plan §2.2: every noncompetitive facilities procurement requires a contemporaneous Single/Sole Source or Emergency justification demonstrating the Policy 2006.III.D standard, with prior-work disclosure; no retroactive justifications. District-wide form/workflow remains with Procurement. Board CAP P1 action 1.5: adopt the sole/single source and emergency procurement SOP with approval workflow, preventing execution without the required justification documentation.
Responsible	Michelle Stuart, Facility Services Officer; Chris Lafoy, Director of Construction; LaQueeya Braxton
Anticipated completion	October 9, 2026

Observation #74 · Report pp. 153–154 (PDF pp. 265–266)

The auditor observed: *Required vendor support for sole source procurements was missing. When a sole vendor was used, the District generally did not obtain vendor sole source letters or quotes, even though Policy 2006 requires both to show that the vendor was the only available source and that pricing was fair and reasonable.*

Corrective action	With one correction of the observation's premise: Policy 2006 establishes the sole/single-source exception and defines a Sole Source Provider, supporting the need to establish that only one source exists, but it does not prescribe how that determination must be documented; the assertion that the policy 'requires both' letters and quotes overstates the text. The documentation standard the observation seeks is supplied prospectively by R-37's committed sole/single-source SOP with vendor sole-source letters and pricing support retained per procurement (Board CAP action 1.5). No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

Observation #75 · Report p. 154 (PDF p. 266)

The auditor observed: *At least two contracts were classified as "Sole" in Contract Advantage even though emails and descriptions indicated they were emergency procurements; however, no emergency purchase form was completed. CLA also identified vendors, including Raptor Technologies, KQ Communications, and Refined Practices, with similar contracts classified inconsistently across years without documented support for the differing treatment.*

Corrective action	The corrective action committed under R-37 addresses the condition described: Facilities-division scope per Facilities Action Plan §2.2: sole-source characterizations must be supported by vendor documentation; contract 2021-0708 mislabeling (Obs. #77) is the corrective driver. District-wide vendor-support standard remains with Procurement. Board CAP P1 action 1.5: vendor sole-source letters and pricing support required under the adopted sole/single source SOP. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

R-37 — Recommendation · Report p. 156 (PDF p. 268)

The auditor recommended: *Obtain adequate vendor support for sole source procurements. The District should require vendors to provide appropriate supporting documentation for sole source procurements, including vendor sole source letters and pricing support (e.g., quotes or cost analysis), to demonstrate that the vendor is the only available source and that pricing is fair and reasonable.*

Position	Agree
Corrective action	Facilities-division scope per Facilities Action Plan §2.2: sole-source characterizations must be supported by vendor documentation; contract 2021-0708 mislabeling (Obs. #77) is the corrective driver. District-wide vendor-support standard remains with Procurement. Board CAP P1 action 1.5: vendor sole-source letters and pricing support required under the adopted sole/single source SOP. Award to other than the lowest quote is permitted under Board Policy 2006 only to the lowest responsible and responsive bidder, and the basis for any such award is documented in the procurement file.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	October 9, 2026

Observation #64 · Report p. 151 (PDF p. 263)

The auditor observed: *There is a lack of system integration or reconciliation between Contract Advantage and APECS. Contract Advantage, managed by Legal/Contracts, and APECS, managed by Procurement/Finance, operate independently and are not connected through an automated data feed or reconciliation process.*

Corrective action	The corrective action committed under R-38 addresses the condition described: Facilities-division contribution per Facilities Action Plan §3.1: mandate completion and validation of the APECS contract-number field before PO issuance and payment on facilities contracts, supporting district-wide Contract Advantage–APECS reconciliation. District-wide system integration remains with Procurement/IT. No additional action required.
Responsible	Tito Langston, Chief of Business Operations / Leslie Knighten, Controller, Accounting and Reporting / LaQueeya Braxton, Director of Procurement / Thomas Perry Jr., Senior Counsel, Office of General Counsel
Anticipated completion	As stated at the cited item

Observation #65 · Report p. 151 (PDF p. 263)

The auditor observed: *There is a lack of exception reporting or monitoring controls in Contract Advantage. When asked whether exception reporting exists to identify inconsistent contracts, such as those with \$0 amounts, missing required fields, or active status despite expiration, District personnel indicated they were unaware of any such reporting.*

Corrective action	The corrective action committed under R-38 addresses the condition described (\$0): Facilities-division contribution per Facilities Action Plan §3.1: mandate completion and validation of the APECS contract-number field before PO issuance and payment on facilities contracts, supporting district-wide Contract Advantage–APECS reconciliation. District-wide system integration remains with Procurement/IT. No additional action required.
Responsible	Tito Langston, Chief of Business Operations / Leslie Knighten, Controller, Accounting and Reporting / LaQueeya Braxton, Director of Procurement / Thomas Perry Jr., Senior Counsel, Office of General Counsel
Anticipated completion	As stated at the cited item

Observation #71 · Report p. 153 (PDF p. 265)

The auditor observed: *CLA identified contract amount mismatches between systems. For 13 contracts, the requisition amount did not match the contract amount.*

Corrective action	The corrective action committed under R-38 addresses the condition described: Facilities-division contribution per Facilities Action Plan §3.1: mandate completion and validation of the APECS contract-number field before PO issuance and payment on facilities contracts, supporting district-wide Contract Advantage–APECS reconciliation. District-wide system integration remains with Procurement/IT. No additional action required.
Responsible	Tito Langston, Chief of Business Operations / Leslie Knighten, Controller, Accounting and Reporting / LaQueeya Braxton, Director of Procurement / Thomas Perry Jr., Senior Counsel, Office of General Counsel
Anticipated completion	As stated at the cited item

R-38 — Recommendation · Report p. 156 (PDF p. 268)

The auditor recommended: *Strengthen system-level controls by reconciling Contract Advantage and APECS data. This reconciliation will assist in identifying and resolving discrepancies in contract amounts, requisitions, and purchase orders. This process should include periodic review and documented resolution of differences. The District should also evaluate opportunities to integrate Contract Advantage and APECS or implement automated data interfaces to ensure consistency of key contract data (e.g., procurement method, contract amount, requisition number, and PO). At a minimum, a formal reconciliation control should be implemented and documented.*

Position	Agree
Corrective action	The District will strengthen system-level controls over Contract Advantage and APECS through two complementary controls under Board CAP action 5.2. First, a manual traceability control: the Contract Advantage contract number is

	required on applicable requisitions, Board submission materials and APECS records, so a contract, its requisition and its purchase order can be traced across both systems, documented in a Procurement/Contracts/Controller SOP with an exception process. Second, a documented periodic reconciliation control: on a quarterly basis, Contracts and the Controller reconcile Contract Advantage against APECS on the key contract fields — procurement method, contract amount, requisition number and purchase order — identify discrepancies in contract amounts, requisitions and purchase orders, and record the resolution of each difference in a reconciliation log retained for audit. The SOP defines the cadence, the responsible reviewers, the fields compared, and the resolution and escalation steps. This satisfies the recommendation's requirement for periodic review and documented resolution of differences and establishes the formal reconciliation control the recommendation calls for at a minimum. Opportunities to integrate the two systems or implement automated data interfaces are evaluated under the Operational Modernization and Excellence Plan (action 5.1, planning and feasibility for Contract Advantage pre-execution validation); until an automated interface is in place, the manual traceability and periodic reconciliation controls above provide the consistency the recommendation seeks.
Responsible	Tito Langston, Chief of Business Operations / Leslie Knighten, Controller, Accounting and Reporting / LaQueeya Braxton, Director of Procurement / Thomas Perry Jr., Senior Counsel, Office of General Counsel
Anticipated completion	March 12, 2027

Observation #72 · Report p. 153 (PDF p. 265)

The auditor observed: *At least three direct payments, including amounts of \$80,280.00 and \$1,000,000.00, were made without a related requisition or PO in APECS. In addition, three other contracts had APECS reference numbers that did not match the contract numbers tested, further weakening the audit trail.*

Corrective action	The corrective action committed under R-39 addresses the condition described (\$80,280.00, \$1,000,000.00): Facilities-division scope per Facilities Action Plan §3.3 and PM Team invoice checklist (Facilities PM Team Action Plan §2.7): no facilities payment processed without complete procurement support (requisition, PO, contract linkage, deliverable support). District-wide payment-control remains with Finance/Procurement. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement; Accounts Payable
Anticipated completion	As stated at the cited item

R-39 — Recommendation · Report p. 156 (PDF p. 268)

This recommendation also arises from: *Observation #68 (stated at R-35).*

The auditor recommended: *Reinforce controls over disbursements by requiring complete procurement support for all payments. The District should prohibit payments without an associated requisition and purchase order, except where explicitly allowed by policy and appropriately documented. Exceptions should be reviewed and approved, with supporting documentation retained.*

Position	Agree
Corrective action	Facilities-division scope per Facilities Action Plan §3.3 and PM Team invoice checklist (Facilities PM Team Action Plan §2.7): no facilities payment processed without complete procurement support (requisition, PO, contract linkage, deliverable support). District-wide payment-control remains with Finance/Procurement.
Responsible	LaQueeya Braxton, Director of Procurement; Accounts Payable
Anticipated completion	March 12, 2027

Observation #78 · Report pp. 160–163 (PDF pp. 272–275)

The auditor observed: *CDA was not identified as a subcontractor in the original First Student bid submission or the executed contract. CLA reviewed the original RFP #111920TJ and First Student's proposal package dated November 19, 2021, and determined that none of the First Student bid documents named CDA or indicated that CDA would be utilized as a subcontractor.*

Corrective action	The corrective action committed under R-40 addresses the condition described: No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (SBE Program)
Anticipated completion	As stated at the cited item

R-40 — Recommendation · Report pp. 166–167 (PDF pp. 278–279)

The auditor recommended: *The District should implement periodic reconciliation procedures between the MSCS B2Gnow portal and the City of Memphis B2Gnow portal to ensure consistency of subcontractor data across platforms. The District should also establish a formal process for reviewing and resolving discrepancies in subcontractor listings identified by vendors or the public. Additionally, the District should update its SBE/MWBE Program Manual to reflect the procedural improvements recommended by the 2024 Disparity Study conducted by Griffin & Strong, P.C., including enhanced post-award compliance monitoring, formalized subcontractor change procedures, and documented notification protocols to ensure that subcontractors are properly informed of their inclusion on District contracts.*

Position	Agree
Corrective action	The District will implement a periodic reconciliation between the MSCS B2Gnow portal and the City of Memphis B2Gnow portal so that subcontractor listings are consistent across both platforms, performed on a defined cycle with differences documented and corrected. A formal process will be established for receiving, reviewing and resolving discrepancies in subcontractor listings identified by vendors or members of the public, with each report logged and its resolution recorded. The SBE Program Manual will be updated to set out both procedures.
Responsible	LaQueeya Braxton, Director of Procurement (SBE Program)
Anticipated completion	March 12, 2027

R-41 — Recommendation · Report p. 176 (PDF p. 288)

This recommendation also arises from: *Observation #5 (stated at R-3).*

The auditor recommended: *Require Procurement Services to actively participate in drafting RFP scopes, including validation of assumptions (e.g., attendance projections), to ensure realistic requirements and maximize competition. Greater involvement from Procurement Services will help align solicitations with market conditions, improve the structure of evaluation criteria, and ensure that scopes are written in a manner that encourages broader vendor participation. This coordination will also reduce the risk of unintentionally limiting competition due to unrealistic capacity requirements and will support more transparent and defensible procurement outcome.*

Position	Agree
Corrective action	After-school care solicitations are drafted with a defined scope of services, measurable deliverables and stated service levels, reviewed jointly by Extended Learning and Procurement Services before release, with Procurement validating the assumptions on which the scope rests, including attendance and participation projections. The standard applies to every after-school care solicitation issued from adoption forward. The current after-school care contract term runs five years from July 2026, so the next full solicitation under this standard is expected in spring 2031; the joint-review requirement itself is established now and applies to any solicitation, renewal or amendment issued in the interim.
Responsible	Stephanie McClain, Director of Extended Learning, with LaQueeya Braxton, Director of Procurement
Anticipated completion	May 20, 2027

R-42 — Recommendation · Report pp. 176–177 (PDF pp. 288–289)

This recommendation also arises from: *Observation #5 (stated at R-3).*

The auditor recommended: *Mandate that all program estimates included in solicitations be supported by historical data, trend analysis, or documented assumptions to improve accuracy and defensibility. Requiring quantitative support for key assumptions will improve the reliability of procurement planning and reduce the likelihood of material variances between projected and actual program participation. This practice will also strengthen the District's ability to justify procurement decisions and demonstrate that contract scopes were developed based on reasonable and supportable inputs rather than subjective estimates.*

Position	Agree
Corrective action	Cost and program estimates included in after-school care solicitations are supported by a documented basis — historical spend, enrollment and attendance projections, or market analysis — retained in the procurement file so that the basis for each estimate can be reviewed and any variance between projected and actual participation explained. The requirement is established now and applies to every after-school care solicitation, renewal or amendment issued from adoption forward; the next full solicitation under the current five-year term, which began July 2026, is expected in spring 2031.
Responsible	Stephanie McClain, Director of Extended Learning, with LaQueeya Braxton, Director of Procurement
Anticipated completion	May 20, 2027

R-43 — Recommendation · Report p. 177 (PDF p. 289)

This recommendation also arises from: *Observation #5 (stated at R-3).*

The auditor recommended: *When limited or single responses are received, require enhanced review, including price reasonableness analysis and consideration of re-solicitation where appropriate. Limited competition introduces increased risk that pricing is not reflective of market conditions and may not represent best value to the District. Implementing additional review procedures in these circumstances will provide greater assurance that pricing is reasonable and terms are appropriate, while also reinforcing accountability in situations where competitive pressures are reduced.*

Position	Agree
Corrective action	Board CAP P1 action 1.9: require enhanced review, including price reasonableness analysis, where limited or single responses are received.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

R-44 — Recommendation · Report p. 177 (PDF p. 289)

This recommendation also arises from: *Observation #5 (stated at R-3).*

The auditor recommended: *Where applicable, require vendors to submit detailed supporting attendance records by site and date and require District personnel to review and retain such documentation prior to payment approval. Formalizing invoice verification procedures will strengthen internal controls over disbursements and improve the District's ability to substantiate payments. Consistent documentation requirements will also enhance auditability and reduce reliance on vendor-provided summaries without independent support, thereby mitigating the risk of unsupported or inaccurate billing.*

Position	Agree
Corrective action	Vendor-supplied attendance records by site and date are received, reviewed against the invoice and retained before payment approval, with the reviewer identified on the payment record. This practice was implemented during the 2026 Summer Learning Academy, ahead of this recommendation, and operates at each Learning Academy — Summer 2026, Fall 2026 and Spring 2027 and continuing. Records are retained by Extended Learning and with the payment record in APECS.
Responsible	Stephanie McClain, Director of Extended Learning, with Paula Young, Manager of Accounts Payable
Anticipated completion	Completed — no anticipated completion date

R-45 — Recommendation · Report p. 177 (PDF p. 289)

This recommendation also arises from: *Observation #5 (stated at R-3).*

The auditor recommended: *Develop procedures requiring independent validation or periodic audit of attendance data to support invoice accuracy and program reporting. Independent verification of participation data will provide an additional control layer over a key billing driver and ensure that reported attendance aligns with actual program activity. This will increase confidence in payment accuracy, improve program oversight, and reduce the risk of errors or discrepancies going undetected over the course of the program.*

Position	Agree
Corrective action	The District publishes quarterly Contract Impact Reports through the Office of Research and Performance Management. The office solicits performance indicators against each Board-approved contract's scope, execution and outcomes, holds the data in the Performance Management contract database (Microsoft Power Apps), and reports quarterly to the Board of Education, where the results — including contract performance rankings and return on investment — are made public and inform decisions on contract renewal. The reports have been published since the 2024-25 fiscal year and are posted publicly on the District's website, with quarters consolidated into a single semester publication from 2025-26. Independent validation of after-school care attendance data is performed within that cycle: a party other than the approving function tests a sample of vendor attendance records against the billing, and the results are documented and carried into the quarterly Contract Impact Report. Extended Learning began this validation in September 2026 and it runs quarterly on a continuing basis.
Responsible	Dr. Erin Y. Luster, Executive Director of Student Experiences, with William E. White II, Director II, Research, Evaluation, Accountability and Data Strategy (R.E.A.D.S.)
Anticipated completion	December 18, 2026

R-46 — Recommendation · Report p. 178 (PDF p. 290)

This recommendation also arises from: *Observation #5 (stated at R-3).*

The auditor recommended: *Require contracts to clearly define total not-to-exceed amounts, billing structures, and documentation requirements to improve clarity and oversight. Clearly defined contractual terms will reduce ambiguity in billing expectations and strengthen enforceability of contract provisions. Establishing explicit documentation standards within the contract itself will also support consistent administration and provide a basis for holding vendors accountable for detailed and transparent invoicing practices.*

Position	Agree
Corrective action	After-school care contracts state a total not-to-exceed amount, the billing structure — unit of service, rate and billing frequency — and the documentation the vendor must submit with each invoice, so that billing expectations are unambiguous and each invoice can be verified against the contract before payment. These terms are incorporated in the contract template by the Contracts and Transactions team, consistent with the not-to-exceed standard committed for master service agreements at IC-47; Extended Learning specifies the program requirements the terms reflect.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions (contract terms and template); with Stephanie McClain, Director of Extended Learning (program requirements)
Anticipated completion	May 20, 2027

R-47 — Recommendation · Report p. 178 (PDF p. 290)

This recommendation also arises from: *Observation #5 (stated at R-3).*

The auditor recommended: Reinforce requirements that purchase orders must be issued prior to the commencement of services, with no exceptions absent formally documented and approved exemptions. Strict adherence to purchase order requirements is critical to maintaining proper budgetary control and ensuring that funds are appropriately encumbered prior to commitment. Reinforcing this control will reduce the risk of unauthorized expenditures, improve financial oversight, and ensure alignment with established procurement and accounts payable policies.

Position	Agree
Corrective action	Board CAP P1 action 1.7: enforce procurement and vendor registration requirements before work commences — no purchase order issued after services begin absent a documented, approved exception.
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	December 18, 2026

Observation #80 · Report pp. 181–194 (PDF pp. 293–306)

The auditor observed: ServiceMaster FM was awarded all four custodial zones in 2022, in violation of the evaluation committee's multi-vendor recommendation, and the circumstances reviewed indicate that District leadership influenced the final contract award outside the established procurement process, resulting in payments made consistent with ACFE guidance on abuse in the amount of \$48,430,744.52. Background and Historical Context As mentioned, since the 2014 merger ...

Corrective action	The corrective actions committed under R-48, R-49 address the condition described (\$48,430,744.52): Per Facilities Action Plan §2.1: adopt and train on evaluation-committee integrity controls — committee recommendations for contracts over \$100,000 preserved in original form in the procurement file (individual... Further, Per Facilities Action Plan §2.1: any deviation between the evaluation committee's recommendation and the final recommendation presented to the Board must be documented in writing with justification, approved by... No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement (control design); Facilities division leadership (committee participation standards)
Anticipated completion	As stated at the cited item

R-48 — Recommendation · Report p. 195 (PDF p. 307)

The auditor recommended: The District should require that evaluation committee recommendations for contracts exceeding \$100,000.00 be documented in their original form and preserved in the procurement file, including all individual scorecards, the composite recommendation, and any subsequent revisions. Any deviation between the committee's recommendation and the final recommendation presented to the Board must be documented in writing with justification for the change, approved by the Superintendent or designee, and retained in the procurement file.

Position	Agree
Corrective action	Per Facilities Action Plan §2.1: adopt and train on evaluation-committee integrity controls — committee recommendations for contracts over \$100,000 preserved in original form in the procurement file (individual scorecards, composite recommendation, every revision). Board CAP P1 action 1.1: preserve evaluation committee recommendations for all contracts over \$100,000 in original form in the procurement file: individual scorecards, composite recommendation, and every revision.
Responsible	LaQueeya Braxton, Director of Procurement (control design); Facilities division leadership (committee participation standards)
Anticipated completion	October 9, 2026

R-49 — Recommendation · Report p. 196 (PDF p. 308)

This recommendation also arises from: Observation #80 (stated at R-48).

The auditor recommended: The District should implement controls to ensure that Board presentation materials accurately reflect the evaluation committee's findings. Any modification to the committee's recommendation must be clearly identified in the Board materials, including the identity of the individual who authorized the modification and the basis for the change, to ensure full transparency in the Board's decision-making process. The District should establish a formal escalation and reporting protocol requiring that when a department head or senior administrator directs a change to a procurement recommendation that overrides an evaluation committee's documented findings, the change must be reported to the Superintendent, the Chief Financial Officer, and the Board Chair. The protocol should include safeguards to protect employees who raise concerns about procurement irregularities from retaliation and should require that any such override be presented to the Board with full disclosure of both the original committee recommendation and the basis for the modification.

Position	Agree
Corrective action	Per Facilities Action Plan §2.1: any deviation between the evaluation committee's recommendation and the final recommendation presented to the Board must be documented in writing with justification, approved by the Superintendent or designee, and retained; Board materials must identify who authorized any modification and the basis; formal escalation protocol for senior-administrator overrides (reported to Superintendent, CFO, Board Chair) with anti-retaliation safeguards. Board CAP P1 action 1.2: require written, justified documentation of any deviation between the committee recommendation and what is presented to the Board, approved by the Superintendent and retained in the file.

Responsible	Dr. Roderick Richmond, Superintendent of Schools (override approval authority); LaQueeya Braxton, Director of Procurement; Monica Jordan, Director of K-16 Strategies, Office of the Chief of Staff (Pathways to Greatness) (log and file completeness)
Anticipated completion	October 9, 2026

Observation #82 · Report p. 206 (PDF p. 318)

The auditor observed: While the District has implemented a range of short-term staffing interventions and longer-term recruitment and retention strategies, there is no evidence of a formalized return on investment (ROI) analysis comparing these approaches. As noted, the District continues to rely on remote learning contracts, such as those provided by Proximity Learning, as a temporary solution to persistent vacancies, while also investing in broader pipeline developm...

Corrective action	R-50's committed action reaches this observation: the District is codifying its last-resort remote-instruction practice into a written districtwide policy with entry criteria, prioritization rules, exit criteria, scale limits and an annual utilization report. The utilization report is the vehicle for the return-on-investment comparison this observation identifies as absent, and will compare remote-instruction contracting against the District's recruitment and retention interventions. No additional action required.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer
Anticipated completion	As stated at the cited item

R-50 — Recommendation · Report p. 207 (PDF p. 319)

The auditor recommended: The District should continue to build upon its existing recruitment initiatives, including hiring events, alternative certification pathways, and teacher residency programs, which are designed to expand the pipeline of qualified educators and reduce long-term reliance on temporary staffing solutions. Sustained focus on these strategies is critical to addressing the root causes of vacancies and improving long-term staffing stability.

Position	Agree
Corrective action	Per Academics Action Plan §§2.5, 3.1: codify the “last-resort” practice into a districtwide written policy governing Proximity (and any successor) — entry criteria (documented sustained vacancy, exhausted alternatives), prioritization rules (core/tested subjects, highest-need campuses), exit criteria (transition when a certified in-person teacher is secured), scale limits, and an annual utilization report to the Superintendent and Board; build with HR and Finance the formal ROI framework comparing total cost per covered classroom under Proximity versus accelerated recruitment investment, paired with quantified EOC outcome differentials, refreshed annually and presented to the Board with the budget.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer with Human Resources and Finance jointly; Research & Evaluation
Anticipated completion	June 30, 2027

Observation #85 · Report p. 213 (PDF p. 325)

The auditor observed: Neither the SOWs nor the invoices submitted by the vendor indicated the contract number to which they related. This created challenges in determining the appropriate contract associated with each purchase order and corresponding invoice, particularly given the number of contracts active during the same time period.

Corrective action	The corrective action committed under R-51 addresses the condition described: Per Facilities Action Plan §3.1: require vendors to reference the applicable contract number on all SOWs and invoices; mandate completion/validation of the APECS contract-number field before PO issuance and payment; add pre-payment contract-linkage review; ensure Board Request/Briefing documents identify the governing contract or MSA. No additional action required.
Responsible	Contract Administration; Facilities project managers; LaQueeya Braxton, Director of Procurement (invoice requirement and pre-PO APECS validation)
Anticipated completion	As stated at the cited item

R-51 — Recommendation · Report pp. 215–216 (PDF pp. 327–328)

The auditor recommended: Implement controls to ensure that contract numbers are consistently and accurately referenced across all procurement and payment documentation, including SOWs, invoices, purchase orders, and Board materials. This should include requiring vendors to include the applicable contract number on all submitted documentation, mandating completion and validation of the contract number field within APECS, and incorporating review procedures to verify accuracy prior to purchase order issuance and payment processing. APECS should be utilized to its capacity to link purchase orders to their related contracts. Additionally, Board Request and Briefing documents should consistently reference the applicable contract or MSA to enhance transparency and traceability. These measures will improve contract-level tracking, support auditability, and strengthen overall contract management and oversight.

Position	Agree
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Corrective action	Per Facilities Action Plan §3.1: require vendors to reference the applicable contract number on all SOWs and invoices; mandate completion/validation of the APECS contract-number field before PO issuance and payment; add pre-payment contract-linkage review; ensure Board Request/Briefing documents identify the governing contract or MSA. Board CAP P3 action 3.2: require contract numbers on all statements of work; require contract-number references in PO terms and conditions for vendor invoices; and validate the APECS contract-number field before PO issuance.
Responsible	Contract Administration; Facilities project managers; LaQueeya Braxton, Director of Procurement (invoice requirement and pre-PO APECS validation)
Anticipated completion	March 12, 2027

Observation #83 · Report p. 212 (PDF p. 324)

The auditor observed: *The MSA under contract 2021-1029 was effective for a one-year term beginning August 10, 2021, and ending August 9, 2022. However, eight payments, totaling \$229,233.62, were made for invoices dated after August 9, 2022, in violation of policy.*

Corrective action	The corrective action committed under R-52 addresses the condition described (\$229,233.62): Per Facilities Action Plan Summary Timeline §3.2 (MSA aggregate-spend thresholds and reporting) and Facilities PM Team Action Plan §4.1: launch monthly Cabinet project-portfolio dashboard and quarterly Board summary showing active projects, budget, expenditures-to-date, schedule, procurement status, and risks — giving the Board cumulative-expenditure visibility under master agreements. No additional action required.
Responsible	Construction Project Management Team (dashboard); Finance and Procurement (feeds)
Anticipated completion	As stated at the cited item

Observation #86 · Report p. 214 (PDF p. 326)

The auditor observed: *An internal control weakness was identified as it relates to the MSA process. As mentioned, it is not required under the current District process to have MSA reviewed and approved by the Board and only when an SOW equals or exceeds \$100,000.00, is the SOW required to be submitted for Board review.*

Corrective action	The corrective action committed under R-52 addresses the condition described (\$100,000.00): Per Facilities Action Plan Summary Timeline §3.2 (MSA aggregate-spend thresholds and reporting) and Facilities PM Team Action Plan §4.1: launch monthly Cabinet project-portfolio dashboard and quarterly Board summary showing active projects, budget, expenditures-to-date, schedule, procurement status, and risks — giving the Board cumulative-expenditure visibility under master agreements. No additional action required.
Responsible	Construction Project Management Team (dashboard); Finance and Procurement (feeds)
Anticipated completion	As stated at the cited item

R-52 — Recommendation · Report p. 216 (PDF p. 328)

The auditor recommended: *Enhance MSA oversight framework to improve Board visibility into cumulative expenditures. This could include establishing thresholds that require Board review not only at the individual SOW level but also when aggregate spending under an MSA exceeds a defined limit. Additionally, the District should implement monitoring procedures to track total expenditures by MSA and periodically report this information to the Board. Strengthening these controls would help ensure greater transparency, support informed governance decisions, and reduce the risk of significant cumulative spending occurring without appropriate Board awareness or oversight.*

Position	Agree
Corrective action	Per Facilities Action Plan Summary Timeline §3.2 (MSA aggregate-spend thresholds and reporting) and Facilities PM Team Action Plan §4.1: launch monthly Cabinet project-portfolio dashboard and quarterly Board summary showing active projects, budget, expenditures-to-date, schedule, procurement status, and risks — giving the Board cumulative-expenditure visibility under master agreements. Board CAP P3 action 3.7: enhance the master service agreement oversight framework to give the Board visibility into cumulative expenditure against open-value agreements.
Responsible	Construction Project Management Team (dashboard); Finance and Procurement (feeds)
Anticipated completion	March 12, 2027

Observation #92 · Report pp. 226–228 (PDF pp. 338–340)

The auditor observed: *Concerns were identified relating to contract term clarity and unauthorized changes to payment structure. The review identified concerns regarding contract term clarity and the authorization of material changes to the payment structure under Contract 2022-0784 (Geeter K 8 Addition), which was funded, in whole or in part, with ESSER funds.*

Corrective action	The corrective action committed under R-53 addresses the condition described: under the Facilities Division Action Plan (§2.3), purchase orders and contracts are verified as in place and current before services are performed or invoices approved, with the requirement communicated to Facilities staff in writing (communication issued July–August 2026)
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	and enforcement handled through the amendment and corrective protocols maintained with General Counsel and Human Resources. No additional action required.
Responsible	Michelle Stuart, Facility Services Officer
Anticipated completion	As stated at the cited item

Observation #94 · Report p. 229 (PDF p. 341)

The auditor observed: *There was attempted expansion of scope and use of encumbered funds outside project purpose. In August 2023, Allworld proposed managing an additional project (Frayser High School) under Contract 2023-0817 and using encumbered funds established for NERHS project; internal audit leadership advised that using those funds on anything other than NERHS would be misappropriation, and charges related to the Frayser High School project were later identified...*

Corrective action	This condition is addressed on the same basis as Observation #92: under the Facilities Division Action Plan (§2.3), work is not performed and invoices are not approved without a current purchase order or contract in place; the requirement was communicated to Facilities staff in writing in July–August 2026 and is enforced through the established amendment and corrective protocols. No additional action required.
Responsible	Michelle Stuart, Facility Services Officer
Anticipated completion	As stated at the cited item

R-53 — Recommendation · Report p. 237 (PDF p. 349)

The auditor recommended: *Clarify and enforce delegated authority. MSCS should reaffirm and communicate delegated contracting and signatory authority thresholds to all operational departments. Acceptance of vendor proposals or changes by employees lacking authority should be expressly prohibited, and unauthorized commitments should be addressed through established corrective protocols.*

Position	Agree
Corrective action	Per Facilities Action Plan §2.3 and Facilities PM Team Action Plan §3.1: written reaffirmation to all facilities staff — no vendor begins work without a fully executed contract and PO; no employee below delegated signatory thresholds may accept vendor-proposed changes; every material modification requires a formally executed amendment routed through Legal with Superintendent/Board approval as thresholds require; corrective protocol for unauthorized commitments. Formal scope/change-control process (written change requests identifying required authority, Board thresholds, and federal/grant allowability) reported COMPLETE per Facilities PM Team Action Plan §2.8.
Responsible	Michelle Stuart, Facility Services Officer
Anticipated completion	Completed — no anticipated completion date

Observation #90 · Report pp. 224–225 (PDF pp. 336–337)

The auditor observed: *Emergency procurement lacked required justification. In April 2021, the former chief of business operations requested approval to enter into an emergency contract with Allworld for project management services; however, the request did not disclose that Allworld had already been performing work since January 2021.*

Corrective action	The corrective action committed under R-54 addresses the condition described: Per Facilities Action Plan §2.2: emergency procurement governance — contemporaneous justification of unforeseen exigency per Policy 2006.III.D, necessity of noncompetitive method, scope/duration limits, explicit disclosure of prior vendor involvement, and completion of the emergency purchase approval form in every case. No additional action required.
Responsible	Michelle Stuart, Facility Services Officer; Chris Lafoy, Director of Construction (requesting side); LaQueeya Braxton, Director of Procurement (approval side)
Anticipated completion	As stated at the cited item

R-54 — Recommendation · Report p. 237 (PDF p. 349)

The auditor recommended: *Strengthen emergency procurement governance. MSCS should require that emergency procurements be supported by contemporaneous documentation demonstrating the existence of an unforeseen exigency, the necessity for noncompetitive procurement, and clear limitations on scope and duration. Emergency procurement approvals should include explicit disclosures regarding any prior vendor involvement or work performed. More on emergency procurement can be found in Section 5.B.iv Contracts and Solicitations – Special Procurement.*

Position	Agree
Corrective action	Per Facilities Action Plan §2.2: emergency procurement governance — contemporaneous justification of unforeseen exigency per Policy 2006.III.D, necessity of noncompetitive method, scope/duration limits, explicit disclosure of prior vendor involvement, and completion of the emergency purchase approval form in every case. Board CAP P1 action 1.4: contemporaneous documentation for every emergency procurement demonstrating unforeseen exigency under Policy

	2006.III.D, necessity of noncompetitive award, scope and duration limits, and disclosure of prior vendor involvement; no retroactive emergency characterizations.
Responsible	Michelle Stuart, Facility Services Officer; Chris Lafoy, Director of Construction (requesting side); LaQueeya Braxton, Director of Procurement (approval side)
Anticipated completion	October 9, 2026

Observation #93 · Report pp. 228–229 (PDF pp. 340–341)

The auditor observed: Vendor role boundaries and representation as District team members were noted. The review identified concerns regarding vendor role boundaries and representations made by Allworld personnel regarding their affiliation with the District.

Corrective action	The corrective action committed under R-55 addresses the condition described: Per Facilities Action Plan §2.4 and Facilities PM Team Action Plan §3.1: facilities-wide directive, mirrored in vendor communications and contract language, prohibiting vendors from representing themselves as MSCS personnel, attending District hiring interviews, or attending governance meetings unless expressly authorized in contract. No additional action required.
Responsible	Michelle Stuart, Facility Services Officer (directive and monitoring); Legal (drafts)
Anticipated completion	As stated at the cited item

Observation #98 · Report pp. 231–233 (PDF pp. 343–345)

The auditor observed: Vendor participation in District employment interviews and procurement integrity occurred. The review identified concerns related to Allworld's attendance and participation in interviews for District employment positions whose responsibilities could directly influence procurement outcomes, contract administration, or project oversight associated with Allworld's current or prospective work.

Corrective action	The corrective actions committed under R-55, R-56 and R-58 address the condition: a facilities-wide directive, mirrored in vendor communications and contract language, prohibits vendor representatives from participating in District employment interviews or in decisions that could affect the vendor's own work; vendors are prohibited from drafting or influencing solicitation documents for procurements they may compete in; and the graduated vendor-discipline framework applies to breaches. Corrective action, responsible position, and anticipated timeline: as stated at R-55, R-56 and R-58.
Responsible	Michelle Stuart, Facility Services Officer (directive and monitoring); Legal (drafts)
Anticipated completion	As stated at the cited item

R-55 — Recommendation · Report p. 238 (PDF p. 350)

The auditor recommended: Establish firm vendor role boundaries. MSCS should explicitly prohibit vendors from representing themselves as District personnel, participating in governance activities, attending hiring interviews, or otherwise functioning as an extension of the District absent express contractual authorization. Vendor roles should be clearly defined, communicated, and monitored to preserve arm's length relationships.

Position	Agree
Corrective action	Per Facilities Action Plan §2.4 and Facilities PM Team Action Plan §3.1: facilities-wide directive, mirrored in vendor communications and contract language, prohibiting vendors from representing themselves as MSCS personnel, attending District hiring interviews, or attending governance meetings unless expressly authorized in contract. Board CAP P2 action 2.5: directive element DELIVERED — letter issued to all vendors July 24, 2026 setting out the prohibitions and putting vendors on notice of debarment; Procurement Management Manual amendment restricting procurement/hiring participation to District employees. Vendor acknowledgment deliberately not required (control rests on District practice, not vendor assent).
Responsible	Michelle Stuart, Facility Services Officer (directive and monitoring); Legal (drafts)
Anticipated completion	December 18, 2026

Observation #96 · Report p. 230 (PDF p. 342)

The auditor observed: Procurement planning for ESSER-funded construction and RFP requirements involved AllWorld. In January 2024, the superintendent sent Allworld a list of upcoming ESSER funded construction projects and requested Allworld's assistance, with a total fee estimate exceeding \$1.2 million; procurement leadership advised the team that construction project management services require an RFP.

Corrective action	The corrective action committed under R-56 addresses the condition described (\$1): Per Facilities Action Plan §2.4 and Facilities PM Team Action Plan §3.1: prohibit vendors from drafting or influencing solicitation documents for procurements they may compete in and from accessing nonpublic information outside a competitive process; screen for organizational conflicts of interest in every project procurement (evidence retained in the project file per Facilities PM Team Action Plan Rev. No additional action required.
Responsible	Michelle Stuart, Facility Services Officer; LaQueeya Braxton, Director of Procurement; Justin Bailey, General Counsel

Anticipated completion	As stated at the cited item
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Observation #97 · Report p. 231 (PDF p. 343)

The auditor observed: *Vendor influence on future solicitation documents occurred. The review identified concerns regarding vendor influence over future solicitation documents.*

Corrective action	The corrective actions committed under R-56 and R-58 address the condition: under the Facilities Division Action Plan (§2.4) and the Facilities Project Management Team Action Plan (§3.1), vendors are prohibited from drafting or influencing solicitation documents for procurements they may compete in, with the prohibition mirrored in vendor communications and contract language; and a graduated vendor-discipline framework — warning, corrective action plan, personnel removal, and referral for debarment — applies to breaches. Corrective action, responsible position, and anticipated timeline: as stated at R-56 and R-58.
Responsible	Michelle Stuart, Facility Services Officer; LaQueeya Braxton, Director of Procurement; Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

R-56 — Recommendation · Report p. 238 (PDF p. 350)

This recommendation also arises from: *Observation #98 (stated at R-55).*

The auditor recommended: *Mitigate organizational conflict of interest risks. MSCS should adopt or strengthen procedures to identify, document, and mitigate conflicts of interest, including prohibitions on: • Vendor participation in drafting or influencing solicitations they may propose on, • Vendor attendance or participation in interviews for District positions with procurement or oversight influence, and • Vendor access to nonpublic information outside a competitive process. Where vendor input is unavoidable for technical reasons, such input should be carefully structured, documented, and firewalled from competitive decision making.*

Position	Agree
Corrective action	Per Facilities Action Plan §2.4 and Facilities PM Team Action Plan §3.1: prohibit vendors from drafting or influencing solicitation documents for procurements they may compete in and from accessing nonpublic information outside a competitive process; screen for organizational conflicts of interest in every project procurement (evidence retained in the project file per Facilities PM Team Action Plan Appendix A). Board CAP P2 actions 2.5 and 2.2: manual amendment bars vendor participation in solicitation drafting and nonpublic-information access; no evaluation committee seated without COI disclosures from every member (Dec 18, 2026).
Responsible	Michelle Stuart, Facility Services Officer; LaQueeya Braxton, Director of Procurement; Justin Bailey, General Counsel
Anticipated completion	December 18, 2026

Observation #95 · Report pp. 229–230 (PDF pp. 341–342)

The auditor observed: *Gifts/gratuities and procurement ethics indicators existed. The review identified procurement ethics concerns related to offers of gifts or entertainment by Allworld personnel.*

Corrective action	The corrective actions committed under R-57, R-58 address the condition described: Per Facilities Action Plan §2.4: directive prohibits vendor gifts or entertainment to any employee, regardless of acceptance, mirrored in vendor communications and contract language. Further, Per Facilities Action Plan §2.4 and Facilities PM Team Action Plan Rev. No additional action required.
Responsible	Michelle Stuart, Facility Services Officer; Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

R-57 — Recommendation · Report p. 238 (PDF p. 350)

The auditor recommended: *Reaffirm gift and ethics expectations. MSCS should reiterate to vendors and employees that offers of gifts, entertainment, or gratuities are prohibited, regardless of acceptance. Ethics expectations should be reinforced through training, contract language, and vendor communications, particularly for vendors with longstanding public sector relationships.*

Position	Agree
Corrective action	Per Facilities Action Plan §2.4: directive prohibits vendor gifts or entertainment to any employee, regardless of acceptance, mirrored in vendor communications and contract language. Board CAP P2 action 2.5: gifts/entertainment prohibition (regardless of acceptance) delivered in the July 24, 2026 vendor letter and the Dec 18, 2026 manual amendment.
Responsible	Michelle Stuart, Facility Services Officer; Justin Bailey, General Counsel
Anticipated completion	December 18, 2026

R-58 — Recommendation · Report pp. 238–239 (PDF pp. 350–351)

This recommendation also arises from: Observation #95 (stated at R-57); Observation #97 (stated at R-56); Observation #98 (stated at R-55).

The auditor recommended: Vendor discipline for conflicts of interest and ethics violations. MSCS should establish and consistently apply a graduated disciplinary framework for vendors engaged in conflicts of interest, conflict of interest conduct, or procurement ethics violations. The framework should require prompt documentation and review by both Procurement and Legal Services and provide proportionate corrective actions, including written warnings, mandatory corrective action plans, removal of vendor personnel from District activities, invoice holds, contract termination for cause, and, where warranted, temporary suspension or debarment from future contracting. Disciplinary escalation should be required where conflicts are repeated, unmanaged, or involve improper influence (e.g., vendor participation in hiring, shaping solicitations they may compete on, or offering prohibited gifts). This approach aligns with MSCS procurement and ethics policies and federal requirements to maintain arm's length vendor relationships and protect public and federal funds. This framework should be implemented as a coordinated, cross-functional effort between Procurement and Legal Services, ensuring that disciplinary actions are both operationally consistent and legally sound. These functions should not operate in silos; rather, they should engage in regular communication, shared review processes, and joint decision-making to ensure that vendor issues are evaluated holistically from both a compliance and legal risk perspective. Establishing clear protocols for collaboration, including defined roles, escalation pathways, and documentation standards, will promote consistent application of disciplinary measures, reduce the risk of fragmented or inconsistent responses, and strengthen overall governance and accountability in vendor oversight.

Position	Agree
Corrective action	Per Facilities Action Plan §2.4 and Facilities PM Team Action Plan §5.3: establish the graduated vendor-discipline framework (warnings → corrective action plans → personnel removal → invoice holds → termination for cause → suspension/debarment) jointly administered by Procurement and Legal; build vendor scorecards for PM, architectural, engineering, and construction-management vendors tracking deliverable quality, schedule, invoice quality, boundary compliance, change-order discipline, ethics, and closeout. Board CAP P2 action 2.3: graduated discipline framework and centralized debarment/restriction list adopted as Procurement Management Manual rules, queryable at requisition and blocking award (Mar 12, 2027).
Responsible	Procurement and Legal (framework); Construction Project Management Team (performance data); LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

Observation #102 · Report p. 249 (PDF p. 361)

The auditor observed: Documentation of Board notifications for commodity purchases was inadequate. CLA identified instances where the Nutrition Services Quarterly Commodity Reports were not provided to the Board for review. Specifically, of the 44 samples selected for detailed testing, 13 transactions met the threshold for Board notification based on established District practices; however, these were not included in the Nutrition Services Quarterly Report.

Corrective action	The corrective action committed under R-59 addresses the condition: Nutrition Services will document a procedure for preparing the Quarterly Commodity Report each quarter, submitting it to the Board Office for Board notification, and retaining it in a designated location so that every report is readily accessible, with the Board Office recording receipt. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-59.
Responsible	Shalissia Smith, Executive Director of Nutrition Services, with the Board Office
Anticipated completion	As stated at the cited item

R-59 — Recommendation · Report p. 251 (PDF p. 363)

The auditor recommended: The District should implement formal procedures to ensure that all required Quarterly Commodity Reports are consistently prepared, properly retained, and readily accessible.

Position	Agree
Corrective action	Nutrition Services will document a procedure for the preparation of the Quarterly Commodity Report each quarter, its submission to the Board Office for Board notification, and its retention in a designated location so that every report is readily accessible. The Board Office will record receipt of each report.
Responsible	Shalissia Smith, Executive Director of Nutrition Services, with the Board Office
Anticipated completion	May 20, 2027

Observation #103 · Report pp. 249–250 (PDF pp. 361–362)

The auditor observed: MSCS did not maintain formal contract documentation and retained incomplete supporting documentation. As part of detailed testing, CLA reviewed a total of 44 contract samples.

Corrective action	The corrective action committed under R-60 addresses the condition: the District will document the required form of contract documentation for commodity purchases, defining the roles of the Invitation for Bid, the Intent to Award Letter and the purchase order, specifying which document constitutes the contract and the signatures required for
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	execution, and the contract will be a signed document executed by both parties. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-60.
Responsible	LaQueeya Braxton, Director of Procurement, with Shalissia Smith, Executive Director of Nutrition Services (as stated at R-60)
Anticipated completion	As stated at the cited item

Observation #106 · Report p. 250 (PDF p. 362)

The auditor observed: *Conflicting language in the Intent to Award Letter creates inconsistencies in its application as a binding contract. CLA was informed that the Intent to Award Letter can serve as the contract and establishes the contract start date.*

Corrective action	The corrective actions committed under R-60 and R-62 address the condition: the form of contract documentation for commodity purchases will be defined, the contract will be a signed document executed by both parties, and the Intent to Award Letter will be revised so it no longer reads as the binding contract. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-60 and R-62.
Responsible	LaQueeya Braxton, Director of Procurement, with Shalissia Smith, Executive Director of Nutrition Services
Anticipated completion	As stated at the cited item

R-60 — Recommendation · Report p. 252 (PDF p. 364)

The auditor recommended: *The District should establish and document a formal policy outlining the required form of contract documentation for commodity purchases. This policy should clearly define the roles of the IFB, Intent to Award Letter, and purchase order, and specify documentation and retention requirements. CLA notes the document being distinguished as the “contract” should be a signed document so that it is executed and legally enforceable.*

Position	Agree
Corrective action	The District will document the required form of contract documentation for commodity purchases, defining the role of the Invitation for Bid, the Intent to Award Letter and the purchase order, and specifying which document constitutes the contract, the signatures required for it to be executed, and the documentation to be retained for each award. The contract will be a signed document, executed by both parties, so that it is legally enforceable. Nutrition Services will apply the standard to its commodity procurements.
Responsible	LaQueeya Braxton, Director of Procurement, with Shalissia Smith, Executive Director of Nutrition Services
Anticipated completion	May 20, 2027

Observation #104 · Report p. 250 (PDF p. 362)

The auditor observed: *MSCS did not maintain documentation linking purchase orders (POs) to the corresponding Invitations for Bids (IFB). While performing detailed testing of payments and supporting invoices, CLA relied on the description field within APECS to identify which payments corresponded to specific bids, as individual bids could span multiple purchase orders and fiscal years.*

Corrective action	The corrective action committed under R-61 addresses the condition described: Board CAP P1 action 1.8: standardize procurement method identification, classification and supporting documentation, and reconcile classification between Contract Advantage and APECS (including bid-number linkage to payments). No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

R-61 — Recommendation · Report p. 252 (PDF p. 364)

The auditor recommended: *The District should standardize how bids are recorded within APECS, including requiring that all related payments be consistently linked to the appropriate bid number. Implementing system controls or procedural requirements to ensure accurate linkage will improve completeness, traceability, and visibility over all payments associated with each bid.*

Position	Agree
Corrective action	Bid recording in APECS is standardized under Board CAP action 1.8: every bid is recorded with its bid number, related payments are linked to that bid number so that spend against a solicitation can be traced end to end, and the District will standardize procurement method identification, classification and supporting documentation, and reconcile classification between Contract Advantage and APECS (including bid-number linkage to payments).
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

Observation #105 · Report p. 250 (PDF p. 362)

The auditor observed: *Inconsistencies were identified between the wording included in MSCS's Intent to Award letters and the manner in which those terms are applied within Nutrition Department procurement practices. CLA was informed that Board approval was not required for commodity purchases within the Nutrition Department.*

Corrective action	The corrective action committed under R-62 addresses the condition: the Intent to Award Letter will be revised so that its language aligns with Nutrition Services' procurement practices and District policy, removing language that characterizes the letter as a binding contract where a separately executed contract is intended, with the revised template reviewed by the Office of General Counsel. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-62.
Responsible	LaQueeya Braxton, Director of Procurement, with Shalissia Smith, Executive Director of Nutrition Services (as stated at R-62)
Anticipated completion	As stated at the cited item

R-62 — Recommendation · Report p. 252 (PDF p. 364)

This recommendation also arises from: *Observation #106 (stated at R-60).*

The auditor recommended: *The District should review and revise the language within the Intent to Award Letter to ensure it aligns with actual procurement practices of the Nutrition Department and District policies.*

Position	Agree
Corrective action	The District will review and revise the Intent to Award Letter so that its language aligns with the procurement practices of Nutrition Services and with District policy, removing language that characterizes the letter as a binding contract where a separately executed contract is intended, and the revised template will be reviewed by the Office of General Counsel before use.
Responsible	LaQueeya Braxton, Director of Procurement, with the Office of General Counsel
Anticipated completion	May 20, 2027

Observation #109 · Report p. 256 (PDF p. 368)

The auditor observed: *Manual inventory processes in the nutrition services warehouses limit accuracy and real time visibility. Inventory processes rely on manual procedures (cycle counts, receiving, picking, returns, and location tracking) using a system external to APECS, requiring periodic journal entries to true-up inventory between systems.*

Corrective action	The corrective actions committed under R-63 and R-65 address the condition: Nutrition Services is upgrading the warehouse management system so that inventory location and movement can be tracked in the system rather than through manual cycle counts, receiving, picking and location tracking, and the upgraded system is being integrated with APECS through the cross-system data integration work under Pillar 4 of the Operational Modernization and Excellence plan. Corrective action, responsible position, and anticipated timeline: as stated at R-63 and R-65. The District notes that enterprise resource planning, warehouse management and system-integration projects of this scale routinely span multiple fiscal years from procurement through implementation, which is reflected in the anticipated completion date at R-63.
Responsible	Shalissia Smith, Executive Director of Nutrition Services, with Rodney "Adam" Young, Executive Director of IT Operations
Anticipated completion	As stated at the cited item

R-63 — Recommendation · Report p. 252 (PDF p. 364)

The auditor recommended: *Due to the limitations of Edison's warehouse system, specifically its inability to track the location and movement of inventory, and its lack of integration with APECS the District should consider upgrading its warehouse management software. This will make the inventory tracking process less manual, more efficient, transparent, and accurate.*

Position	Agree
Corrective action	Upgrade the warehouse management system so inventory location and movement can be tracked and the system integrates with APECS. Nutrition Services leads this item; it is NOT delivered through Pillar 4 of the Operational Modernization and Excellence plan — warehouse systems are outside that pillar's stated review scope, which covers cross-system data integration. Nutrition Services will scope requirements for a warehouse management system with the capability to track inventory location and movement and to integrate with APECS, working with IT on technical requirements and with Procurement on the acquisition route, and will coordinate with the Pillar 4 cross-system integration workstream so the APECS integration points are consistent with the District's wider systems work. Implementation horizon reflects the operational estimate for a warehouse management system replacement.
Responsible	Shalissia Smith, Executive Director of Nutrition Services, with Rodney "Adam" Young, Executive Director of IT Operations (technical requirements and APECS integration) and LaQueeya Braxton, Director of Procurement (acquisition route); Tito Langston, Chief of Business Operations, accountable executive
Anticipated completion	March 31, 2029

Observation #108 · Report pp. 254–255 (PDF pp. 366–367)

The auditor observed: *Journal entry approvals occur, but independent verification is constrained by decentralized processes and system limitations. CLA did not identify manual journal entries posted without approval, and no entries were entirely unsupported or left unanswered; approvals were visible in APECS, indicating certain front end controls are functioning.*

Corrective action	Leading with the favorable conclusion CLA itself records: no manual journal entries were identified as posted without approval. The constraint described — independent verification limited by decentralized processes and system limitations — is addressed under R-64: the structured review of the HRIS, Payroll, Procurement and Finance systems under Pillar 4 of the Operational Modernization and Excellence plan, documenting current capability and integration gaps and defining the requirements the replacement environment must meet, including approval-workflow and independent-verification capability. Information Technology will work with the Human Resources, Finance and Maintenance teams to identify gaps in data transferred between systems, and will submit a change request to the vendor to determine whether the application programming interfaces between systems can be updated to carry the data the audit identifies.
Responsible	Rodney “Adam” Young, Executive Director of IT Operations
Anticipated completion	As stated at the cited item

Observation #110 · Report p. 256 (PDF p. 368)

The auditor observed: *Warehouse and Fulfillment inventory controls rely heavily on manual processes and physical records. The warehouse and fulfillment department similarly relies heavily on manual inventory processes.*

Corrective action	The manual warehouse and fulfillment inventory reliance sits squarely within the committed Pillar 4 program: the systems review documents the manual current state and the requirements to retire it (R-64); cross-system data integration replaces manual handoffs with defined integration points and monitored data accuracy (R-65); and the manual-process inventory and elimination plan with workflow automations (R-68) is the mechanism that retires the physical-records reliance this observation describes. Information Technology will work with the Office of Asset Management to ensure there are no barriers to the scanning process feeding the FAMS inventory system, and will submit a change request to the vendor to determine whether the application programming interfaces between systems can be updated to carry the data the audit identifies.
Responsible	Rodney “Adam” Young, Executive Director of IT Operations
Anticipated completion	As stated at the cited item

R-64 — Recommendation · Report p. 260 (PDF p. 372)

The auditor recommended: *Evaluate finance and enterprise resource planning solutions that more effectively integrate with systems used by other departments, including payroll and inventory. Improved integration would allow operational and financial data to flow directly into the financial system, reducing reliance on manual uploads, summary level documentation, and decentralized recordkeeping, while enhancing reporting capabilities, audit trail visibility, and finance’s ability to trace journal entry origins and subsequent corrections.*

Position	Agree
Corrective action	Delivered through Pillar 4 of the Operational Modernization and Excellence plan: structured review of the HRIS, Payroll, Procurement and Finance systems using a standardized evaluation framework, documenting current capability, integration points and gaps, with a prioritized assessment report to leadership. Pillar 5 of the same plan — program consolidation — has completed its first cycle, evaluating nineteen programs, consolidating five and reducing two vendor contracts, with identified savings of \$5.1 million, demonstrating that the plan produces measured outcomes.
Responsible	Rodney “Adam” Young, Executive Director of IT Operations
Anticipated completion	May 20, 2027

R-65 — Recommendation · Report p. 260 (PDF p. 372)

This recommendation also arises from: *Observation #109 (stated at R-63); Observation #110 (stated at R-64).*

The auditor recommended: *Implement warehouse software solutions that integrate with its finance/ERP systems. Integration would support automated inventory adjustments and real time valuation and counts. Implementing scanners for receiving, picking, cycle counts, and location tracking would allow inventory data to be updated as activities occur and reduce reliance on manual processes.*

Position	Agree
Corrective action	Delivered through Pillar 4 of the Operational Modernization and Excellence plan: cross-system data integration, defining integration points and data flows between systems and monitoring data accuracy and synchronization after implementation. Scanner-based receiving, picking, cycle counts and location tracking are evaluated within that workflow.
Responsible	Rodney “Adam” Young, Executive Director of IT Operations

Anticipated completion	May 20, 2027
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Observation #111 · Report pp. 256–257 (PDF pp. 368–369)

The auditor observed: *Inconsistent fueling training and the absence of standardized instructions increase the risk of erroneous fuel transactions. CLA tested five journal entries totaling \$1,972.80 related to the Fuel, System Interface.*

Corrective action	This condition is addressed by Fleet's filed responses: standardized operating instructions posted at all fuel pumps and terminals, hands-on training for every employee who uses the fuel system, and retained training records identifying individuals or departments needing refresher instruction (R-66 — project lead named, target November 13, 2026); and system-side controls under R-67: EJ Ward upgraded to SimplyFuel on April 20, 2026, with pump issues and fuel-card deactivations and reactivations recorded with timestamps and points of contact. No additional action required.
Responsible	Rodney “Adam” Young, Executive Director of IT Operations
Anticipated completion	As stated at the cited item

R-66 — Recommendation · Report p. 260 (PDF p. 372)

The auditor recommended: *Update and clearly post standardized operating instructions at all fuel pumps and terminals and provide hands-on training for employees who use the fuel system. Employees should be required to follow documented procedures when issues arise, such as pump malfunctions or card deactivations, and the District should maintain training records to identify individuals or departments requiring additional support or refresher instruction.*

Position	Agree
Corrective action	Post standardized operating instructions at all fuel pumps and terminals, deliver hands-on training to all employees who use the fuel system, and retain training records identifying individuals or departments requiring refresher instruction. signage element completed April 10, 2026; The hands-on training element will be delivered to every employee who uses the fuel system, with training records retained.
Responsible	Stephen Wherry, Director II — Business Operations; fuel functions under Warehouse and Fulfillment — Terry Moore and Willie Payne, Assistants — Fuel Compliance; Christina Payton, Warehouse First Line Supervisor; Tamara Clark, Warehouse and Fulfillment Manager (project lead for the training initiative)
Anticipated completion	December 18, 2026

R-67 — Recommendation · Report p. 260 (PDF p. 372)

This recommendation also arises from: *Observation #111 (stated at R-66).*

The auditor recommended: *Enhance documentation within the EJ Ward system, where feasible, to record key events such as pump issues and fuel card deactivations or reactivations. The documentation enhancement should include relevant timestamps and points of contact. Improved documentation would strengthen transparency and auditability of fuel transactions. The District should evaluate opportunities for IT or operational personnel to perform limited reconciliations or exception reviews of daily fuel data files prior to import into APECS, particularly given the absence of pre posting reconciliation controls.*

Position	Agree
Corrective action	The District will record pump issues and fuel card deactivations or reactivations in the EJ Ward system with timestamps and points of contact. on April 20, 2026 EJ Ward was upgraded to SimplyFuel, which provides enhanced tracking including documentation of all fuel pump issues and a complete audit trail for all fuel card transactions. The pre-import exception review of daily fuel data files before load into APECS is an Information Technology control and is addressed under Information Technology's response; the fuel-system upgrade provides the exception data that review relies on.
Responsible	Stephen Wherry, Director II — Business Operations, with Rodney “Adam” Young, Executive Director of IT Operations (APECS pre-import review element) and Ian Jones, IT Programmer Advisor, Information Technology (fuel transactions and the APECS interface); fuel functions under Warehouse and Fulfillment — Terry Moore and Willie Payne, Assistants — Fuel Compliance; Christina Payton, Warehouse First Line Supervisor; Tamara Clark, Warehouse and Fulfillment Manager
Anticipated completion	Completed — no anticipated completion date

Observation #112 · Report pp. 257–258 (PDF pp. 369–370)

The auditor observed: *Printing services pricing, as recorded in journal entries reflected in attached printing requisition documents, were not consistent with results of recalculations based on published pricing guides. Six sampled journal entries, totaling \$9,545.96, were printing services entries that were not fully supported by the attached printing requisition form when the services selected on the form were recalculated by CLA using the concurrent print services ...*

Corrective action	The pricing inconsistencies arise in manual requisition and calculation processes; the corrective action committed under R-68 addresses the mechanism through the inventory and elimination of manual processes, followed by workflow automations with user-acceptance testing and embedded calculation in the automated forms. The transactions
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	identified originate with the District's internal Print Shop, which is not operated by Information Technology; Information Technology will assist in creating a process that replaces the manual logic and calculation used when requesting printing.
Responsible	Rodney "Adam" Young, Executive Director of IT Operations
Anticipated completion	As stated at the cited item

R-68 — Recommendation · Report p. 261 (PDF p. 373)

The auditor recommended: Consider a transition from manual internal forms to standardized digital forms with embedded, automated calculation functionality. Digital forms should incorporate applicable pricing schedules or rate structures, allow for structured selection and modification of relevant inputs or specifications, and automatically compute totals to reduce errors, omissions, and inconsistent application of established guidance.

Position	Agree
Corrective action	Delivered through Pillar 4 of the Operational Modernization and Excellence plan: inventory of manual processes and elimination against a defined project plan, followed by launch of workflow automations with user-acceptance testing, measuring processing time and error rates before and after. Embedded calculation and structured input are requirements of the automated forms.
Responsible	Rodney "Adam" Young, Executive Director of IT Operations
Anticipated completion	May 20, 2027

Observation #114 · Report p. 264 (PDF p. 376)

The auditor observed: The District did not consistently comply with policy requirements related to supporting documentation for ACH disbursements, as detailed below: a) Ten samples totaling \$15,999.18 were below the dollar threshold requiring an AP Payment Request Form; however, the required form could not be located. i) Nine of these samples totaling \$15,339.09 were processed using a PO, although a PO was not required for these transactions.

Corrective action	Of the samples identified, those requiring a payment request form had the form attached in APECS; for the remainder a purchase order had been issued. The District's payment documentation standard is that an invoice is required with every payment request, without exception, and a purchase order does not substitute for that requirement (R-33). Where a payment proceeds without the required documentation, an Out-of-Compliance letter is issued under the Out of Compliance Payment Accountability and Progressive Discipline Process effective July 7, 2026, and the occurrence is recorded in the centralized log reviewed monthly with executive leadership.
Responsible	Paula Young, Manager of Accounts Payable
Anticipated completion	As stated at the cited item

Observation #115 · Report pp. 264–265 (PDF pp. 376–377)

The auditor observed: Two samples totaling \$212,159.00 exceeded the dollar threshold requiring a PO or a contract; however, neither was obtained prior to the purchase. In both instances, an Out-of-Compliance letter was subsequently issued for violating Board Policy 2006- Purchasing Authority. a) One payment of \$101,871.82 was part of the Phase 7 billing (total billed was \$147,935.00) for the 3030 Jackson Avenue (Bayer Building) project.

Corrective action	The samples identified did not have a purchase order or contract in place, and each was referred for an Out-of-Compliance letter. The Out of Compliance Payment Accountability and Progressive Discipline Process, effective July 7, 2026, documents each occurrence with the responsible employee, department and Senior Leader, places a copy of the letter in the employee's personnel file, and applies progressive discipline to repeat occurrences.
Responsible	Paula Young, Manager of Accounts Payable
Anticipated completion	As stated at the cited item

Observation #116 · Report pp. 265–266 (PDF pp. 377–378)

The auditor observed: The District did not consistently comply with policy requirements related to supporting documentation for manual warrant disbursements, as detailed below: a) Three samples totaling \$72,601.00 exceeded the dollar threshold requiring a PO; however, no POs were obtained for these transactions. All three transactions included an approved payment request form, a supporting invoice, and appropriate approvals within the APECS system.

Corrective action	The District agrees in part. Of the samples identified, one purchase was below the \$3,500 threshold at which a purchase order is required, so no purchase order was necessary; one voucher was processed and an Out-of-Compliance letter issued; and one voucher was for Superintendent dues. Going forward, the payment documentation standard at R-33 applies to every payment request, and where a payment proceeds without the required documentation an Out-of-Compliance letter is issued under the Out of Compliance Payment Accountability and Progressive Discipline Process effective July 7, 2026, with the occurrence recorded in the centralized log reviewed monthly with executive leadership.
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Responsible	Paula Young, Manager of Accounts Payable
Anticipated completion	As stated at the cited item

Observation #117 · Report p. 266 (PDF p. 378)

The auditor observed: *The District did not consistently comply with policy requirements related to supporting documentation for vCard disbursements, as detailed below: a) One sample totaling \$3,422.30 exceeded the dollar threshold requiring a PO; however, no PO was obtained for this transaction. The support obtained included an approved payment request form, a supporting invoice, and appropriate approvals within the APECS system.*

Corrective action	The Office of General Counsel does not require a purchase order for legal services. The District will confirm that exemption in written policy guidance so that the basis for proceeding without a purchase order is documented rather than understood, as part of the policy clarification committed under R-70 on whether a physically signed invoice is required or whether electronic receipt confirmation and approval within APECS is sufficient.
Responsible	Paula Young, Manager of Accounts Payable
Anticipated completion	As stated at the cited item

R-69 — Recommendation · Report p. 272 (PDF p. 384)

The auditor recommended: *Consider whether certain disciplinary steps may be necessary for employees that continue to demonstrate non-compliance with procurement policies. Additional training and periodic communication with District employees regarding requirements, timelines, and expectations could improve compliance.*

Position	Agree
Corrective action	Repeated non-compliance with procurement policy is addressed through the Out of Compliance Payment Accountability and Progressive Discipline Process, a standard operating procedure effective July 7, 2026: each confirmed occurrence is issued a physical Out-of-Compliance letter documented by Finance and Human Resources, a copy is placed in the responsible employee's personnel file, the applicable Senior Leader is notified and accountable, Finance maintains a centralized log reviewed with executive leadership monthly, and four-step progressive discipline applies to repeat occurrences, with the progressive sequence reserved for bypass only where the conduct is intentional misconduct or fraud. Training and periodic communication accompany the process: procurement requirements, timelines and expectations are covered in the training committed under R-11 and R-37, and the centralized log identifies the departments and individuals where repeated non-compliance indicates a need for further training.
Responsible	Tito Langston, Chief of Business Operations, with Crystal R. Oliver, Chief of Human Resources (personnel-file placement and progressive discipline)
Anticipated completion	Completed — no anticipated completion date

R-70 — Recommendation · Report p. 272 (PDF p. 384)

This recommendation also arises from: *Observation #114 (stated at R-69); Observation #116 (stated at R-69); Observation #117 (stated at R-69).*

The auditor recommended: *The District should clarify and update policy guidance to specify whether a physically signed invoice is required for disbursements or whether electronic receipt confirmation and approvals within the APECS system are sufficient to meet documentation and internal control requirements.*

Position	Agree
Corrective action	The District's payment documentation standard is that an invoice is required with every payment request, without exception; the payment request and its invoice are routed through APECS for approval before payment, and a purchase order does not substitute for the invoice requirement (R-33). The standard applies to every payment request regardless of the form used to initiate it, so the same documentation is required whether a purchase order, a payment request form or both are present.
Responsible	Tito Langston, Chief of Business Operations, with Paula Young, Manager of Accounts Payable (administration) and LaQueeya Braxton, Director of Procurement
Anticipated completion	Completed — no anticipated completion date

Observation #118 · Report pp. 266–270 (PDF pp. 378–382)

The auditor observed: *Significant indicators of abuse were identified relating to disbursements issued to one vendor, Mid-South Renovations, totaling \$3,070,735.01. CLA's review identified evidence that a conflict of interest existed between vendor Mid-South Renovations and the Director of Facilities Maintenance at the time.*

Corrective action	The corrective actions committed under R-71 and R-72 address the condition: enhanced review and documentation standards for disbursements of this type, noting that Policy 4003 was amended by Board approval December 2, 2025 and the conflict-of-interest protective function now operates through the Board CAP 2.1–2.5 framework (annual
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	disclosures, committee disclosures, vendor screening, debarment). The specific disbursements are addressed at Observations #119–#120 under R-72's element-by-element response. No additional action required beyond R-71/R-72 as filed.
Responsible	LaQueeya Braxton, Director of Procurement / Justin Bailey, General Counsel (2.2); William Fulton, Executive Director of Internal Audit (2.1)
Anticipated completion	As stated at the cited item

R-71 — Recommendation · Report p. 272 (PDF p. 384)

The auditor recommended: *The District should enhance compliance with Conflict of Interest Policy 4003 by requiring annual disclosures, conducting periodic reviews of vendor relationships, and performing independent oversight of procurements involving key personnel. Identified conflicts should be formally documented and appropriately addressed.*

Position	Agree
Corrective action	Board CAP P2 action 2.2: enhance compliance with Conflict of Interest Policy 4003 — disclosure required at the point of procurement participation; no evaluation committee seated without a disclosure from every member. Action 2.1: resume annual COI disclosure collection from all key employees and complete the FY2022–2025 backlog for personnel still employed.
Responsible	LaQueeya Braxton, Director of Procurement / Justin Bailey, General Counsel (2.2); William Fulton, Executive Director of Internal Audit (2.1)
Anticipated completion	December 18, 2026

Observation #119 · Report p. 270 (PDF p. 382)

The auditor observed: *CLA identified \$400,000.00 in disbursements to Mid-South Renovations for which evidence of waste was identified. This \$400,000.00 relates to disbursements issued to Mid-South Renovations for work, that according to MSCS, was performed negligently by the vendor.*

Corrective action	The corrective actions committed under R-72 and R-73 address the condition described. The \$400,000.00 in disbursements to this vendor concerns work performed negligently by the vendor. Going forward, the District's contract monitoring and vendor performance controls require that work be verified as performed and accepted before payment is released: no facilities payment is processed without complete procurement support reconciling the invoice to an open purchase order and a contract in term (R-39), contract performance is evaluated through the quarterly Contract Impact Reports published by the Office of Research and Performance Management, and a vendor whose performance warrants it is subject to the graduated vendor-discipline framework — warning, corrective action plan, personnel removal and referral for debarment — with the debarment process established as an administrative rule under the Procurement Services Manual and the debarment list queryable at requisition to block award (R-73). No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-72 and R-73.
Responsible	LaQueeya Braxton, Director of Procurement, with Michelle Stuart, Facility Services Officer
Anticipated completion	As stated at the cited item

Observation #120 · Report p. 270 (PDF p. 382)

The auditor observed: *CLA identified \$250,000.00 in disbursements to Mid-South Renovations exhibiting indicators of potential fraud. This \$250,000.00 relates to payments issued for work that, according to MSCS, was not completed.*

Corrective action	The corrective actions committed under R-72 and R-73 address the condition described. The \$250,000.00 in disbursements to this vendor concerns payments issued for work that, according to MSCS, was not completed. Going forward, the District's contract monitoring and vendor performance controls require that work be verified as performed and accepted before payment is released: no facilities payment is processed without complete procurement support reconciling the invoice to an open purchase order and a contract in term (R-39), contract performance is evaluated through the quarterly Contract Impact Reports published by the Office of Research and Performance Management, and a vendor whose performance warrants it is subject to the graduated vendor-discipline framework — warning, corrective action plan, personnel removal and referral for debarment — with the debarment process established as an administrative rule under the Procurement Services Manual and the debarment list queryable at requisition to block award (R-73). No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-72 and R-73.
Responsible	LaQueeya Braxton, Director of Procurement, with Michelle Stuart, Facility Services Officer
Anticipated completion	As stated at the cited item

R-72 — Recommendation · Report p. 272 (PDF p. 384)

This recommendation also arises from: *Observation #118 (stated at R-71).*

The auditor recommended: *The District should require that all applicable services, particularly construction, renovation, repair, and maintenance, are supported by formal, executed contracts that are reviewed by Legal and Procurement and are maintained in Contract Advantage or another centralized repository. The use of agreements maintained outside standard procurement and legal processes, such as a Master Facilities Service Agreement should be discontinued or formally incorporated into established workflows to ensure appropriate oversight, review, and approval.*

Position	Agree
Corrective action	Board CAP P2 actions 2.3 and 2.4: vendor-conflict controls addressing the \$3,070,735.01 paid to a vendor holding a conflict with an employee who influenced vendor selection, and the ~\$68,000–\$78,000 paid to a company owned by the Director of Facilities Maintenance — periodic screening comparing the active vendor population against employee and related-party data (first run by Dec 18, 2026, quarterly thereafter), with exceptions dispositioned within 30 days; debarment/restriction list with graduated discipline (Mar 12, 2027).
Responsible	LaQueeya Braxton, Director of Procurement (2.4); Justin Bailey, General Counsel / LaQueeya Braxton, Director of Procurement (2.3)
Anticipated completion	March 12, 2027

Observation #121 · Report pp. 270–271 (PDF pp. 382–383)

The auditor observed: *The District lacks a formal and communicated vendor debarment process, resulting in inconsistent vendor risk awareness across departments. CLA identified an internal email issued by the General Counsel's office to others in the same office that listed four vendors the District should avoid engaging due to, "nonperformance or negligent performance, and sometimes because of straight up fraudulent actions." Through discussions with General Counsel s...*

Corrective action	The corrective action committed under R-73 addresses the condition: a formal, communicated debarment process, established as an administrative rule under the Procurement Services Manual, with a maintained debarment list queryable at requisition and applied to block award to a debarred vendor (Board CAP action 2.3). Corrective action, responsible position, and anticipated timeline: as stated at R-73.
Responsible	LaQueeya Braxton, Director of Procurement, with the Office of General Counsel
Anticipated completion	As stated at the cited item

R-73 — Recommendation · Report p. 272 (PDF p. 384)

The auditor recommended: *The District should establish and maintain a formal, centralized vendor debarment or restricted vendor list that clearly identifies vendors prohibited from doing business due to performance, compliance, or ethical concerns. The District should implement procedures to ensure that this list is regularly updated, formally approved, and distributed to all relevant departments, including Procurement, Facilities, and any personnel involved in vendor selection and contracting*

Position	Agree
Corrective action	Board CAP P2 action 2.3: establish and maintain a formal, centralized vendor debarment and restriction list — defined grounds, due process, authority to impose — together with the graduated discipline framework that precedes it (warnings → corrective action plans → personnel removal → invoice holds → termination for cause → suspension → debarment). To be adopted as rules and regulations within the Procurement Management Manual as an administrative function. The debarment process is established as an administrative rule under the Procurement Services Manual, with the debarment list maintained by Procurement, queryable at requisition, and applied to block award to a debarred vendor.
Responsible	LaQueeya Braxton, Director of Procurement / Justin Bailey, General Counsel
Anticipated completion	March 12, 2027

Observation #122 · Report p. 280 (PDF p. 392)

The auditor observed: *Eighty-six out of 250 employees sampled failed the Forms I-9 retention and completeness USCIS requirements. Of 126 active employees 36 of the active employee files failed the Forms I-9 retention and completeness required by USCIS requirements.*

Corrective action	The corrective actions committed under R-74, R-75 and R-76 address the condition described in Observation #122. Of the 86 deficiencies identified across the 250 files sampled, 64 relate to the 36 active employees whose files the audit identified — a single file may carry more than one deficiency — and the balance relates to separated employees; of those 64 deficiencies, 44 have been cured and 20 remain, to be completed by October 15, 2026; completed I-9s are securely stored; I-9 completion is incorporated into orientation under the three-part segregated process; targeted training runs October 1 – November 30, 2026.
Responsible	HR Operations (remediation and system adoption); Justin Bailey, General Counsel (USCIS compliance guidance); Kevin Potts, Director of Strategic Staffing, Human Resources
Anticipated completion	As stated at the cited item

Observation #123 · Report pp. 281–282 (PDF pp. 393–394)

The auditor observed: *HR's inconsistent use of iCIMS for Form I-9 retention increases compliance risk. CLA observed that while the District's applicant tracking system, iCIMS, includes functionality to centrally upload, retain, and manage Forms I-9, this capability has not been consistently utilized.*

Corrective action	The corrective actions committed under R-74, R-76 and R-77 address the condition described in Observation #123. Repository confirmed: separate I-9 folder secured in the vault, Room 158, COE Building; remaining elements carried in the Board CAP. Approved 'we're good with that.'
Responsible	HR Operations (remediation and system adoption); Justin Bailey, General Counsel (USCIS compliance guidance); Kevin Potts, Director of Strategic Staffing, Human Resources
Anticipated completion	As stated at the cited item

R-74 — Recommendation · Report p. 293 (PDF p. 405)

The auditor recommended: *Standardize procedures for calculating and applying Form I-9 retention requirements for inactive employees, including the "three years from hire or one year from termination, whichever is later" rule.*

Position	Agree
Corrective action	The District will finish the in-progress organization of historical Forms I-9 and cure the deficiencies the audit identified, applying compliant re-verification where permitted under USCIS rules. Of the 86 deficiencies identified across the 250 files sampled, 64 relate to the 36 active employees whose files the audit identified — a single file may carry more than one deficiency — and the balance relates to separated employees. Of those 64 deficiencies, 44 have been cured and 20 remain, to be completed by October 15, 2026. Retention-period calculation and purge timing are standardized. The District will adopt iCIMS, or an equivalent secure system, as the single I-9 repository going forward; until that repository is in service, Forms I-9 are held in the secured physical personnel file (Room 158, the vault, COE building) and are secured and filed at new-hire orientation. I-9 completeness verification moves into onboarding with second-person review, supported by the Employee File Checklist effective June 1, 2026. Targeted I-9 training with written guidance is delivered October 1 through November 30, 2026, and E-Verify scope is confirmed against the State's January mandate. Interim remediation is already complete: I-9 storage has been moved from a curtained room to a locked office, with two staff assigned to organize the files. This action is carried in the Board-adopted Corrective Action Plan (action 4.4).
Responsible	HR Operations (remediation and system adoption); Justin Bailey, General Counsel (USCIS compliance guidance); Kevin Potts, Director of Strategic Staffing, Human Resources
Anticipated completion	October 15, 2026

R-75 — Recommendation · Report p. 293 (PDF p. 405)

This recommendation also arises from: *Observation #122 (stated at R-74).*

The auditor recommended: *Strengthen review procedures to ensure Forms I-9 are complete and supported by required Section 2 documentation (List A or List B + List C).*

Position	Agree
Corrective action	Per HR Action Plan §4.4, cure the I-9 deficiencies identified by the audit. Of the 86 deficiencies identified across the 250 files sampled, 64 relate to the 36 active employees whose files the audit identified — a single file may carry more than one deficiency — and the balance relates to separated employees. Of those 64 deficiencies, 44 have been cured and 20 remain, to be completed by October 15, 2026. Completed I-9s are securely stored in the files. I-9 form completion has been incorporated into new employee orientation and is completed at that time, under a three-part process: required identification documents are gathered and copied by one person; a second person completes the form using those documents as verification; the form and copies of the identification are then sent to a team for loading into the E-Verify system. Physical storage has been remediated: I-9s are now held in a file cabinet in a locked room, and the storage room with the curtain no longer exists.
Responsible	Crystal R. Oliver, Chief of Human Resources; Kevin Potts, Director of Strategic Staffing, Human Resources (per Board CAP action 4.4)
Anticipated completion	December 18, 2026

R-76 — Recommendation · Report p. 293 (PDF p. 405)

This recommendation also arises from: *Observation #122 (stated at R-74); Observation #123 (stated at R-74).*

The auditor recommended: *Provide targeted training and written guidance on Form I-9 requirements, retention rules, and E-Verify processes, particularly given HR staffing turnover.*

Position	Agree
Corrective action	The District will deliver targeted I-9 training with written guidance covering Form I-9 requirements, retention rules and E-Verify processes, and standardize retention-period calculation and purge timing.

Responsible	Crystal R. Oliver, Chief of Human Resources; Kevin Potts, Director of Strategic Staffing, Human Resources (Board CAP action 4.4)
Anticipated completion	March 12, 2027

R-77 — Recommendation · Report p. 293 (PDF p. 405)

This recommendation also arises from: *Observation #123 (stated at R-74).*

The auditor recommended: *Where feasible, use existing systems to securely store digitized Forms I-9 while maintaining originals separately from personnel files and protecting them from unauthorized access.*

Position	Agree
Corrective action	As of July 2025, I-9s are stored in the personnel file in a separate folder. I-9s predating that date are held in a file folder in the locked storage room in the Staffing Area. Personnel files are held in the vault in Room 158 of the COE Building.
Responsible	Crystal R. Oliver, Chief of Human Resources; Kevin Potts, Director of Strategic Staffing, Human Resources (Board CAP action 4.4)
Anticipated completion	March 12, 2027

Observation #124 · Report p. 282 (PDF p. 394)

The auditor observed: *Hourly and contract pay rates are not consistently supported by documentation. Forty-two sampled employees, totaling \$4,831,274.24, did not reconcile to support and some files had only contracts (no assignment sheet) where contract amounts did not agree to APECS.*

Corrective action	The corrective actions committed under R-78, R-79, R-81 address the condition described (\$4,831,274.24): Per HR Action Plan §3.1: enforce a complete-compensation-support package for every pay action — hourly and contract rates tied to executed assignment Further, Per HR Action Plan §4.5, ensure the complete compensation-support standard is in place: all hourly and contract rates tied to executed assignment sheets or contracts, Further, Per HR Action Plan §3.1, retention of compensation documentation can be centralized within Compensation, recording and showing what compensation is held per employee. No additional action required.
Responsible	HR (compensation documentation standard); Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	As stated at the cited item

Observation #125 · Report p. 282 (PDF p. 394)

The auditor observed: *Stipend and bonus payments lack complete and consistent documentation. Approximately, 94 of the stipend and bonuses tested, totaling \$876,779.20, had discrepancies including missing detail/signatures/names, incorrect totals, partial support, and documentation that showed eligibility but not the stipend amount (or a different amount than paid).*

Corrective action	The corrective actions committed under R-78, R-80 and R-81 address the condition described in Observation #125. The District confirmed with the system vendor on September 14, 2026 that APECS supports document attachment on compensation-related records, including Job and Payment. Stipend and bonus documentation is retained centrally within Compensation in the employee's record and is attached to the APECS record under the compensation documentation attachment standard committed at R-81.
Responsible	HR (compensation documentation standard); Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	As stated at the cited item

Observation #130 · Report p. 285 (PDF p. 397)

The auditor observed: *Salary payments are not consistently supported or aligned with authorized salary schedules. For 21 salary roles, totaling \$3,369,587.49, CLA could not locate an assignment sheet, contract, or other supporting documentation in iCIMS or the employee's HR file even though APECS reflected a salary schedule and column for the position.*

Corrective action	The corrective actions committed under R-78 and R-82 address the condition described in Observation #130. Compensation support package applies to every salary action; APECS rates trace to executed assignment sheets or contracts; detective layer via Board CAP 5.3 — approved.
Responsible	HR (compensation documentation standard); Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	As stated at the cited item

R-78 — Recommendation · Report pp. 293–294 (PDF pp. 405–406)

The auditor recommended: *Standardize and enforce a “complete compensation support package” for all pay rate actions (new hire, change, stipend/bonus, step/grade movement), including a finalized assignment sheet or contract (as applicable), effective date, rate/amount, position identifier, and documented approvals with version control.*

Position	Agree
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Corrective action	Per HR Action Plan §3.1: enforce a complete-compensation-support package for every pay action — hourly and contract rates tied to executed assignment sheets/contracts; stipends and bonuses supported by documented authorization, eligibility basis, and calculation; step/row increases formally reviewed and approved before programming; rehire compensation validated against prior service and payment history; centralized retention of compensation documentation linked to the employee record. Board CAP P4 action 4.5: complete compensation support for every pay action: executed assignment/comment sheets, documented authorization and calculation for stipends and bonuses, required change authorization before step-and-row programming, and rehire compensation validation against prior service.
Responsible	HR (compensation documentation standard); Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	March 12, 2027

R-79 — Recommendation · Report p. 294 (PDF p. 406)

This recommendation also arises from: *Observation #124 (stated at R-78).*

The auditor recommended: *Implement exception reporting for hourly pay to flag when reported hours × authorized rate does not agree to gross pay or when gross pay reflects an unapproved rate, with documented resolution retained.*

Position	Agree
Corrective action	Per HR Action Plan §4.5, ensure the complete compensation-support standard is in place: all hourly and contract rates tied to executed assignment sheets or contracts, and all payroll changes supported by a payroll exception form. The exception-reporting mechanism itself is Payroll-owned (Payroll Action Plan §3.1); this response covers the HR-side rate support that makes the exceptions resolvable.
Responsible	Eric Sabatini, Director of Compensation, Human Resources (HR side, Board CAP 4.5); Jason Mayse, Director of Payroll (payroll side, Board CAP action 4.6)
Anticipated completion	June 30, 2027

R-80 — Recommendation · Report p. 294 (PDF p. 406)

This recommendation also arises from: *Observation #125 (stated at R-78).*

The auditor recommended: *Strengthen stipend and bonus documentation by requiring a uniform detail schedule (employee name/ID, periods covered, approved amounts, footed totals, and authorization) retained centrally and linked to the APECS transaction.*

Position	Agree
Corrective action	Per HR Action Plan §3.1, form a team comprising Compensation, Budget, Academics and Student Support to develop a process identifying what tasks and which employees are eligible for stipends, the required documentation, submission timelines, and the approval levels required for payment, and to identify storage locations and retention periods.
Responsible	Eric Sabatini, Director of Compensation, Human Resources (Board CAP action 4.5)
Anticipated completion	March 12, 2027

Observation #131 · Report p. 286 (PDF p. 398)

The auditor observed: *CLA made compensation determinations for 20 employees, totaling \$2,161,224.71 based on inference rather than period specific support. When fiscal year documentation for sampled employees was unavailable, CLA relied on the most recent assignment sheet or stipend tracking record to assess the reasonableness of recorded compensation.*

Corrective action	R-81 addresses the condition: compensation documentation is centralized within Compensation, recording and showing the compensation held for each employee so that period-specific support is retrievable for a given fiscal year. Under R-81 the District will attach compensation documentation to the corresponding APECS record under a documented attachment standard, with centralized retention within Compensation as the record of retention. No additional action required.
Responsible	Eric Sabatini, Director of Compensation, Human Resources (Board CAP action 4.5)
Anticipated completion	As stated at the cited item

R-81 — Recommendation · Report p. 294 (PDF p. 406)

This recommendation also arises from: *Observation #124 (stated at R-78); Observation #125 (stated at R-78).*

The auditor recommended: *Centralize retention and linkage of compensation documentation to APECS through a controlled repository or attachment standard to support year specific auditability.*

Position	Agree
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Corrective action	Retention of compensation documentation is centralized within Compensation, recording and showing what compensation is held for each employee, so that the documentation supporting a compensation action is held in one defined location and can be produced for any employee and any year. The District confirmed with the system vendor on September 14, 2026 that APECS supports document attachment on the employee records relevant to compensation, including Employee Events, Documents, Employment Eligibility, Education, Certificates, Tax, Job and Payment, Deductions and Benefits, and Attendance, and on Position Control, Leave of Absence Requests and Resignation/Retirement Requests. Human Resources will complete an inventory of the attachment capability available in the District's configuration against the documentation its teams hold, and will document a compensation documentation attachment standard identifying which document is attached to which record for each compensation action, retaining the Compensation file as the centralized record; the inventory and the written standard are complete by December 18, 2026. Human Resources will then train the responsible staff on the standard and apply it to compensation actions processed from that point forward, by March 12, 2027. The Compensation record remains reconcilable to the APECS record by employee and effective date, which meets the year-specific auditability the recommendation seeks.
Responsible	Eric Sabatini, Director of Compensation, Human Resources (Board CAP action 4.5)
Anticipated completion	March 12, 2027

Observation #126 · Report p. 283 (PDF p. 395)

The auditor observed: *Payroll step and row increases are programd with limited independent review. Step/row increases are largely programd and uploaded into APECS by a small number of individuals using a custom SQL based import utility (e.g., eligibility includes completing at least 50% of the prior fiscal year); payroll reviews output, and HR is not currently involved in review/approval/audit, with minimal independent secondary review.*

Corrective action	The limited-review condition on programd step/row increases is addressed by two filed controls: entry of the pay line is reviewed by three separate individuals prior to submission for accuracy (R-84, HR Action Plan §3.1), and periodic audits of APECS pay configuration are assigned to IT, paired with HR's complete compensation-support standard (R-82). No additional action required. Information Technology will create a process to maintain logs of the IT portion of the pay configuration process.
Responsible	Rodney "Adam" Young, Executive Director of IT Operations
Anticipated completion	As stated at the cited item

R-82 — Recommendation · Report p. 294 (PDF p. 406)

This recommendation also arises from: *Observation #130 (stated at R-78).*

The auditor recommended: *Perform periodic audits of APECS pay configuration (schedule/column/row, pay codes, maximums) and implement automated controls to flag rates exceeding authorized matrices.*

Position	Agree
Corrective action	HR/IT scope per HR Action Plan §3.1: periodic audits of APECS pay configuration assigned to IT per Recs. #82/#85, paired with HR's complete-compensation-support standard. Payroll's per-cycle processing evidence sits in the companion Payroll Action Plan. Board CAP P5 action 5.3: pay-configuration exception review (thresholds for rates/pay exceeding authorized maximums) delivered through the APECS audit-trail feasibility work, with documented periodic review.
Responsible	IT (APECS configuration audits); HR (source documentation); IT reports to Tito Langston, Chief of Business Operations.
Anticipated completion	June 30, 2027

Observation #132 · Report p. 287 (PDF p. 399)

The auditor observed: *Prior service and payment history for two rehired employees was not verifiable. These rehired employees received \$97,789.29 in compensation between fiscal year 2022 and fiscal year 2024.*

Corrective action	R-83 (filed) addresses the condition: the compensation of rehired employees is validated against prior service and payment history to ensure accuracy when a rehire salary is calculated. Personnel records for rehired employees are established to the current file standard with the prior folder retained, so prior service and payment history remain producible (see R-100). No additional action required.
Responsible	Eric Sabatini, Director of Compensation, Human Resources (existing TCRS control)
Anticipated completion	As stated at the cited item

R-83 — Recommendation · Report p. 294 (PDF p. 406)

The auditor recommended: *Establish a rehire compensation validation checklist requiring documented verification of prior service/work history retained in the employee file.*

Position	Agree
Corrective action	Per HR Action Plan §3.1, validate the compensation of rehires against prior service and payment history to ensure accuracy when calculating salary for a rehire.
Responsible	Eric Sabatini, Director of Compensation, Human Resources (existing TCRS control)
Anticipated completion	Completed — no anticipated completion date

R-84 — Recommendation · Report p. 294 (PDF p. 406)

This recommendation also arises from: *Observation #126 (stated at R-82).*

The auditor recommended: *Formalize review and approval of payroll step and row increases loaded into APECS, including documented secondary review by Human Resources or other independent personnel, with clearly defined roles to strengthen segregation of duties.*

Position	Agree
Corrective action	Per HR Action Plan §3.1, ensure that the entry of the pay line is reviewed by three separate individuals prior to submission, for accuracy.
Responsible	Kevin Potts, Director of Strategic Staffing, Human Resources
Anticipated completion	March 12, 2027

Observation #136 · Report p. 289 (PDF p. 401)

The auditor observed: *APECS lacks sufficient audit trails for payroll batch and import activity. Payroll batch imports (stipends/bonuses/supplemental pay) can be uploaded to the backend of APECS via CSV by limited users, but APECS lacks sufficient backend audit trails (origin/preparation/review/authorization), with no systematic monitoring/logging and limited traceability after import, raising risk of unauthorized/inappropriate transactions.*

Corrective action	R-85 addresses the audit-trail gap directly: with IT and APECS support, the District will determine whether payroll batch and import audit trails are retrievable or configurable, and will implement the available audit-trail report or a compensating payroll batch-review control (Board CAP action 5.3). No additional action required. Information Technology will submit a change request to the vendor to create the audit trail; if it is determined that the audit trail is not possible, a compensating control will be created.
Responsible	Rodney “Adam” Young, Executive Director of IT Operations
Anticipated completion	As stated at the cited item

R-85 — Recommendation · Report p. 294 (PDF p. 406)

The auditor recommended: *Enhance auditability of payroll batch uploads and backend imports in APECS by retaining audit trails for source, preparation, review, approval, and execution, and performing periodic monitoring to trace transactions to originating files.*

Position	Agree
Corrective action	Board CAP P5 action 5.3: determine with IT and APECS support whether payroll batch/import audit trails are retrievable or configurable; implement the available audit-trail report or a compensating payroll batch/configuration exception report, including defined thresholds for rates or pay exceeding authorized maximums, with documented periodic review.
Responsible	Tito Langston, Chief of Business Operations / Leslie Knighten, Controller, Accounting and Reporting / Reginald Harris, Manager, Datacenter and System Administration — Information Technology
Anticipated completion	June 30, 2027

Observation #129 · Report pp. 284–285 (PDF pp. 396–397)

The auditor observed: *CLA determined that 26 manual payroll checks totaling \$53,346.09 were issued without clear or documented justification. These payments do not raise to the level of waste or abuse; however, they were issued in violation of the District’s policies and procedures.*

Corrective action	The corrective actions committed under R-86, R-87 address the condition described (\$53,346.09): As part of established practices, the Payroll Department has maintained a manual check log tracking the issuance of live payroll checks. The District is 100% direct deposit, so live checks are very rare Further, Covered by the R-86 control. CLA does not differentiate between manual checks and manual payments. The District is 100% direct deposit and does not issue manual checks for corrections or missed payments. No additional action required.
Responsible	Jason Mayse, Director of Payroll
Anticipated completion	As stated at the cited item

Observation #133 · Report p. 287 (PDF p. 399)

The auditor observed: Manual check activity was missing the manual check list and supporting documentation. The 29 manual checks tested, totaling \$621,049.63, were not supported by a manual check log.

Corrective action	The corrective actions committed under R-86, R-87 address the condition described (\$621,049.63): As part of established practices, the Payroll Department has maintained a manual check log tracking the issuance of live payroll checks. The District is 100% direct deposit, so live checks are very rare Further, Covered by the R-86 control. CLA does not differentiate between manual checks and manual payments. The District is 100% direct deposit and does not issue manual checks for corrections or missed payments. No additional action required.
Responsible	Jason Mayse, Director of Payroll
Anticipated completion	As stated at the cited item

R-86 — Recommendation · Report p. 294 (PDF p. 406)

The auditor recommended: Reestablish and maintain a centralized manual check log documenting payee, amount, pay period, payment type, reason, approval evidence, and processing date.

Position	Agree with edits
Corrective action	As part of established practices, the Payroll Department has maintained a manual check log tracking the issuance of live payroll checks. The District is 100% direct deposit, so live checks are very rare. Employees are required to show identification and sign whenever picking up checks. Per CLA's recommendation, Payroll will begin requiring the Legal Department representative picking up any settlement checks to sign, instead of noting that the check was given to Legal. Per Board CAP action 4.6, the District notes that most of the 26 flagged "manual checks" were documented off-cycle payments, not undocumented physical checks. One control with R-87 and IC-75. The requirement that a Legal Department representative countersign each manual check pickup took effect August 1, 2026.
Responsible	Jason Mayse, Director of Payroll
Anticipated completion	Completed — no anticipated completion date

R-87 — Recommendation · Report p. 294 (PDF p. 406)

This recommendation also arises from: Observation #129 (stated at R-86); Observation #133 (stated at R-86).

The auditor recommended: Require documented justification and approval for issuing manual checks, particularly for payments normally processed via direct deposit.

Position	Agree with edits
Corrective action	Covered by the R-86 control. CLA does not differentiate between manual checks and manual payments. The District is 100% direct deposit and does not issue manual checks for corrections or missed payments. The Payroll Department requires a payroll correction form prior to processing off-cycle payments for missing hours.
Responsible	Jason Mayse, Director of Payroll
Anticipated completion	Completed — no anticipated completion date

Observation #127 · Report pp. 283–284 (PDF pp. 395–396)

The auditor observed: CLA identified evidence indicating that three employees received post termination payments totaling \$65,193.64. These are consistent with the ACFE guidance describing waste due to a terminated employee's lack of notice to the District of overpayment and the District's lack of recovery of the overpayments.

Corrective action	The corrective actions committed under R-88, R-89, R-90, R-92 and R-93 address the condition described in Observation #127. Separation notification within a defined 48-hour service level triggers the offboarding workflow and the stop-pay workflow, under which APECS does not pay an employee for days after a recorded termination date once that date is loaded, and Human Resources can verify that no payment was made for days after the termination date. The payroll exception reporting committed at R-89 detects duplicate and post-termination payments before payroll is finalized, and Payroll supports the recovery of the \$65,193.64 identified with the underlying payment detail and calculations. The stop-pay workflow is effective September 1, 2026.
Responsible	Crystal R. Oliver, Chief of Human Resources; Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	As stated at the cited items

Observation #128 · Report p. 284 (PDF p. 396)

The auditor observed: CLA determined that the vacation and final pay calculations were not fully supported or reconciled for five employees, totaling \$88,045.71, and therefore classify these payments as waste. Vacation/final pay support was inconsistent as APECS Job and Payment "Units/Paid" did not match attendance hours.

Corrective action	The corrective actions committed under R-88 and R-93 address the condition described in Observation #128.
Responsible	Crystal R. Oliver, Chief of Human Resources; Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	As stated at the cited item

Observation #134 · Report pp. 287–288 (PDF pp. 399–400)

The auditor observed: *Non routine termination payments lack centralized and complete documentation. When non routine termination payments, such as severance agreements and special accrual payouts, are not documented in APECS or iCIMS, independent verification requires reliance on externally maintained source documents and management explanations rather than the District's systems of record.*

Corrective action	The corrective actions committed under R-88 and R-91 address the condition described in Observation #134. Severance payments and other non-routine termination payments are processed as payroll actions, and the complete compensation-support standard committed at R-88 requires the documented authorization and the calculation to be retained with the pay action, so that a non-routine termination payment is supported and verifiable from the District's records.
Responsible	Crystal R. Oliver, Chief of Human Resources; Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	As stated at the cited item

R-88 — Recommendation · Report p. 295 (PDF p. 407)

The auditor recommended: *Strengthen controls over termination related payouts by standardizing calculation support and reconciling APECS Job and Payment detail to Attendance (or other source of record) hours, with defined rounding conventions.*

Position	Agree
Corrective action	Board CAP P4 action 4.5: complete compensation support for every pay action, including termination payouts: documented authorization and calculation retained with the pay action. APECS Job-and-Payment-to-Attendance reconciliation and rounding conventions are addressed under the Payroll action plan.
Responsible	Crystal R. Oliver, Chief of Human Resources; Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	March 12, 2027

R-89 — Recommendation · Report p. 295 (PDF p. 407)

This recommendation also arises from: *Observation #127 (stated at R-88).*

The auditor recommended: *Implement automated pre-processing controls within APECS to detect and flag potential duplicate payments (including duplicate vacation payouts, final-pay disbursements, and same-period/same-amount transactions) prior to payroll finalization, with documented resolution required before release.*

Position	Agree
Corrective action	Board CAP P5 action 5.3: payroll batch/configuration exception reporting with defined thresholds, providing the automated detection layer for duplicate or excess payments (rates/pay exceeding authorized maximums), with documented periodic review and disposition.
Responsible	Tito Langston, Chief of Business Operations / Leslie Knighten, Controller, Accounting and Reporting / Reginald Harris, Manager, Datacenter and System Administration — Information Technology
Anticipated completion	June 30, 2027

R-90 — Recommendation · Report p. 295 (PDF p. 407)

This recommendation also arises from: *Observation #127 (stated at R-88).*

The auditor recommended: *Formalize a stop pay workflow assigning responsibility for timely termination entry in APECS, removal from pay eligible status, and review of post termination exceptions before payroll finalization.*

Position	Agree
Corrective action	The District will formalize a stop-pay workflow with assigned responsibility, triggered by HR's separation notification (HR Action Plan §2.1); deploy automated APECS pre-processing controls blocking pay runs for employees with recorded separation dates absent documented exception — APECS will not allow employees to be paid for days after the termination date once the date has been loaded, and HR can verify the employee was not paid for days after the termination date; and support Accounting/Legal's recovery process on the \$65,193.64 in identified post-termination overpayments with payment detail and calculations. The stop-pay workflow is effective September 1, 2026.
Responsible	Jason Mayse, Director of Payroll
Anticipated completion	Completed — no anticipated completion date

R-91 — Recommendation · Report p. 295 (PDF p. 407)

This recommendation also arises from: *Observation #134 (stated at R-88).*

The auditor recommended: *Require complete approval packages for severance and other non routine termination payments, including governing agreements, calculations, authorization, and linkage to APECS records. Require that any contractual exceptions to accrual caps be documented and linked to the authorizing agreement in APECS prior to processing*

Position	Agree
Corrective action	Board CAP P4 action 4.5: complete compensation support for every pay action, including severance and non-routine termination payments: governing agreements, calculations, documented authorization, and linkage to the employee record before processing.
Responsible	Crystal R. Oliver, Chief of Human Resources; Eric Sabatini, Director of Compensation, Human Resources
Anticipated completion	March 12, 2027

R-92 — Recommendation · Report p. 295 (PDF p. 407)

This recommendation also arises from: *Observation #127 (stated at R-88).*

The auditor recommended: *Implement a consistent separation notification protocol requiring locations to notify HR promptly and HR to confirm termination entry in APECS, supplemented by periodic roster/budget reviews.*

Position	Agree
Corrective action	Per HR Action Plan §2.1: consistent separation-notification protocol requiring school/department leaders to report separations to HR within a defined SLA (e.g., 48 hours), triggering the offboarding workflow (§3.4) and the Payroll stop-pay tie-in. Board CAP P4 action 4.1: issue and communicate to every school and department leader a single, documented separation-notification workflow covering all types of exit, requiring the hiring manager, school leader or department leader to notify HR within 48 hours whenever a departing employee cannot self-report, with APECS termination data protected against deletion or unlogged modification. Precondition for 4.2.
Responsible	HR (protocol owner); school/department leaders (notification); Theron Stallworth, Director of Labor Relations; Kevin Potts, Director of Strategic Staffing, Human Resources
Anticipated completion	October 9, 2026

R-93 — Recommendation · Report p. 295 (PDF p. 407)

This recommendation also arises from: *Observation #127 (stated at R-88); Observation #128 (stated at R-88).*

The auditor recommended: *Establish a formal overpayment identification, notification, and recovery protocol requiring the District to document the overpayment amount and cause, issue timely written notification to the former employee, pursue recovery through available administrative or legal channels, and retain documentation of all recovery efforts and outcomes in APECS or the employee's personnel file.*

Position	Agree
Corrective action	Per HR Action Plan §2.1: formal overpayment identification, notification, and recovery process with Accounting and Legal — beginning with documented recovery efforts (or written justification for non-recovery) on the \$65,193.64 in post-termination payments already identified. Board CAP P4 action 4.3: documented Standard Operating Procedure with Accounting and Legal for overpayment identification and notification; recovery determined case by case; recovery-or-write-off determination on the \$65,193.64 already identified and the \$11,816.61 duplicate vacation payout. Scope limited to payroll/employee overpayments.
Responsible	HR; Accounting and Legal (recovery)
Anticipated completion	October 9, 2026

Observation #135 · Report p. 288 (PDF p. 400)

The auditor observed: *Shared direct deposit accounts were identified, but no clear indicators of fraud were found. CLA analyzed direct deposit information for 17,089 active employees as of February 11, 2026, as part of a routine payroll integrity control to assess the risk of potential fraud, such as ghost employees, or improper payments through shared direct deposit bank accounts.*

Corrective action	R-95's committed control addresses the Finance-side condition (shared direct-deposit account monitoring with documented review of flagged matches); the R-94 element files with its own owner's response.
Responsible	Leslie Knighten, Controller, Accounting and Reporting / Tito Langston, Chief of Business Operations
Anticipated completion	As stated at the cited item

R-94 — Recommendation · Report p. 295 (PDF p. 407)

The auditor recommended: *Implement automated exception reporting to identify duplicate bank routing and account numbers in APECS, with periodic review and documented conclusions.*

Position	Agree
Corrective action	Board CAP P5 action 5.5: implement an employee duplicate-routing/account exception report with periodic review, using rules that distinguish legitimate shared-account cases from unresolved exceptions via additional validation parameters.
Responsible	Leslie Knighten, Controller, Accounting and Reporting / Tito Langston, Chief of Business Operations
Anticipated completion	May 20, 2027

R-95 — Recommendation · Report p. 295 (PDF p. 407)

This recommendation also arises from: *Observation #135 (stated at R-94).*

The auditor recommended: *Establish documentation requirements to support shared direct deposit accounts (e.g., familial/domestic relationship), retained consistently in personnel files or iCIMS.*

Position	Agree
Corrective action	Board CAP P5 action 5.5: employee duplicate-routing/account exception report with rules that distinguish legitimate shared-account cases from unresolved exceptions using additional validation parameters, including documentation supporting shared accounts (e.g., familial/domestic relationship).
Responsible	Leslie Knighten, Controller, Accounting and Reporting / Tito Langston, Chief of Business Operations
Anticipated completion	May 20, 2027

Observation #137 · Report p. 289 (PDF p. 401)

The auditor observed: *APECS does not retain terminated employee data needed for historical monitoring of duplicate direct deposit bank accounts. APECS direct deposit reporting excludes terminated employees, preventing District wide historical analysis of shared bank routing and account numbers, and lacks automated or systematic monitoring to identify duplicate direct deposit bank accounts, creating opportunity for duplicate payments without timely detection.*

Corrective action	R-96's committed action addresses the condition: retention of terminated-employee data needed for historical payroll and accounting reference, through the retention configuration or a compensating archival report.
Responsible	Leslie Knighten, Controller, Accounting and Reporting / Tito Langston, Chief of Business Operations
Anticipated completion	As stated at the cited item

R-96 — Recommendation · Report pp. 295–296 (PDF pp. 407–408)

The auditor recommended: *Evaluate options to retain and report historical direct deposit data, including terminated employees, to enhance detection of duplicate accounts and potential overpayments.*

Position	Agree
Corrective action	Board CAP P5 action 5.5: employee duplicate-routing/account exception reporting. Evaluation of historical direct-deposit data retention (including terminated employees) to enhance duplicate detection is performed within the 5.5 report design; a retention decision is documented.
Responsible	Leslie Knighten, Controller, Accounting and Reporting / Tito Langston, Chief of Business Operations
Anticipated completion	May 20, 2027

Observation #139 · Report p. 290 (PDF p. 402)

The auditor observed: *Documentation did not consistently demonstrate compliance with minimum job qualifications. Based on personnel records, job descriptions, and iCIMS, five employees from the sample tested appeared not to meet minimum job qualifications, with missing support for education/experience/credentials, limiting ability to demonstrate compliance with hiring standards.*

Corrective action	The corrective actions committed under R-97 address the condition described in Observation #139. This condition is addressed and reinforced by the IC-26 mechanism rebuilt the same session (department-head assessments; certification enforcement; forward vetting of all hires).
Responsible	Talent/Recruitment (pre-hire verification); HR Operations; Kevin Potts, Director of Strategic Staffing, Human Resources
Anticipated completion	As stated at the cited item

R-97 — Recommendation · Report p. 296 (PDF p. 408)

The auditor recommended: Enhance verification and documentation of employee qualifications aligned to minimum job requirements, with consistent retention in personnel files and iCIMS and periodic reviews to remediate gaps.

Position	Agree
Corrective action	Per HR Action Plan §3.2: verify minimum job qualifications with documented evidence before hire; any exception requires documented Board-level approval; ensure every position — including executive roles — has a maintained job description. Board CAP P4 action 4.7: single Employee File Checklist (adopted, in active use); verify minimum job qualifications and licensure before hire with documented Board-level approval for any exception; second-person quality review (onboarding a second reviewer).
Responsible	Talent/Recruitment (pre-hire verification); HR Operations; Kevin Potts, Director of Strategic Staffing, Human Resources
Anticipated completion	March 12, 2027

Observation #140 · Report p. 291 (PDF p. 403)

The auditor observed: State licensure documentation was missing, expired, or incomplete for certain positions. CLA identified five instances where required licensure evidence was missing/expired/incomplete or lacked required endorsements; or supporting documentation was not consistently maintained in personnel files or within iCIMS, limiting the ability to demonstrate compliance.

Corrective action	The corrective actions committed under R-98 address the condition described: licensure monitoring is performed against the State's licensure records on a defined cycle, with the delegation of reporting authority documented in writing. No additional action required. Corrective action, responsible position, and anticipated timeline: as stated at R-98.
Responsible	HR Operations (district-wide monitoring); Medicaid Reimbursement team (provider roster); Kevin Potts, Director of Strategic Staffing, Human Resources; Dawn White, Advisor — Licensure and Compliance, Human Resources; Theron Stallworth, Director of Labor Relations; Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

R-98 — Recommendation · Report p. 296 (PDF p. 408)

The auditor recommended: Implement controls to ensure employees in licensed positions maintain active, appropriate licensure with required endorsements, including centralized tracking and consistent documentation retention.

Position	Agree
Corrective action	PRIMARY (district-wide) per HR Action Plan §3.2: licensure-expiration monitoring against TN Compass for all licensed positions; verified licensure evidence retained in the employee file via the standardized Employee File Checklist; exceptions require documented Board-level approval. DIVISION CONTRIBUTION per Exceptional Education Action Plan §2.4: TennCare provider roster reconciled to TN Compass and payer enrollment files, with PCG credential-blocking algorithms preventing claims for non-credentialed/expired providers; lapses routed through HR licensure monitoring and SBE reporting. Board CAP P4 action 4.8: licensure-expiration monitoring against TN Compass (underway); SBE Licensure Discipline reporting onto the compliance calendar with a reporter designated in writing by the Superintendent and automated deadline reminders; FY2025 backlog confirmed cleared.
Responsible	HR Operations (district-wide monitoring); Medicaid Reimbursement team (provider roster); Kevin Potts, Director of Strategic Staffing, Human Resources; Dawn White, Advisor — Licensure and Compliance, Human Resources; Theron Stallworth, Director of Labor Relations; Justin Bailey, General Counsel
Anticipated completion	March 12, 2027

Observation #141 · Report pp. 291–292 (PDF pp. 403–404)

The auditor observed: The Employee File contains information that a relative was involved in the hiring, onboarding, or compensation process(es) within HR. CLA identified one instance where a relative of the employee appeared to be involved in the hiring, onboarding, or compensation process within HR, potentially limiting the independence of employment decisions.

Corrective action	The corrective actions committed under R-99 address the condition described in Observation #141. Substantially implemented: Policy 4063 relationship-disclosure notices have already been issued to HR staff with individual confirmations returned to the Chief; written confirmation from the directors will be collected at the next staff meeting. Target date December 18, 2026 (Board CAP action 4.10).
Responsible	HR (workflow safeguards, attestations); Justin Bailey, General Counsel (Policy 4063 enforcement); Kevin Potts, Director of Strategic Staffing, Human Resources
Anticipated completion	As stated at the cited item

R-99 — Recommendation · Report p. 296 (PDF p. 408)

The auditor recommended: *Strengthen controls to identify and disclose familial or personal relationships between HR staff and applicants or employees, require documented recusal of the related party from hiring, onboarding, and compensation processes in accordance with District Policy 4063, and implement independent secondary review of all compensation related documents to prevent unilateral pay determinations by individuals with potential conflicts of interest.*

Position	Agree
Corrective action	Per HR Action Plan §3.3: relationship-disclosure step added to hiring and compensation workflows; no employee may participate in the hiring, onboarding, or compensation determination of a relative (Policy 4063), enforced by system or supervisory checks; disclosed relationships routed for independent processing; paired with the annual conflict-of-interest attestation program for key employees. Board CAP P4 action 4.10: relationship-disclosure step added to hiring and compensation workflows, barring participation in the hiring, onboarding or compensation of a relative under Policy 4063; communicated to HR staff with signed acknowledgment, applied district-wide.
Responsible	HR (workflow safeguards, attestations); Justin Bailey, General Counsel (Policy 4063 enforcement); Kevin Potts, Director of Strategic Staffing, Human Resources
Anticipated completion	March 12, 2027

Observation #138 · Report p. 289 (PDF p. 401)

The auditor observed: *Employee file checklist use and retention were inconsistent for 90 employee files tested. Checklist versions changed without documented effective dates; fields were inconsistently completed; identity documents (driver's licenses/Social Security cards) were often not in files (may be with Forms I-9); and signature workflow (HR Advisors prepare; HR Specialists/Associates review) was inconsistently evidenced with missing/incomplete signatures.*

Corrective action	The corrective actions committed under R-100 address the condition described in Observation #138. Confirmed with the corrected R-100 mechanism (see R-100 row): backfile recreation from July 1, 2025 assigned across HR managers in two-month blocks and tracked to completion against the personnel file checklist; rehires receive a new file to current standards with the prior folder retained.
Responsible	Crystal R. Oliver, Chief of Human Resources; Kevin Potts, Director of Strategic Staffing, Human Resources (Board CAP action 4.7)
Anticipated completion	As stated at the cited item

Observation #142 · Report p. 292 (PDF p. 404)

The auditor observed: *The Employee File provided for review was either missing or a rehired employee file was provided but was out of scope and the original file was not present. CLA identified two instances where HR either could not provide the sampled employee's personnel file or provided a rehire file that fell outside the scope of our testing period; the original file corresponding to the employee's initial hire was not presented, limiting our ability to reconcile...*

Corrective action	The corrective actions committed under R-100 address the condition described in Observation #142. Under the standardized Employee File Checklist adopted June 1, 2026, employee files are maintained centrally in a single location, and the file corresponding to an employee's initial hire is identified and retained so that it can be produced on request regardless of subsequent rehire activity. The two instances identified are addressed by that retention and retrieval standard. Corrective action, responsible position, and anticipated timeline: as stated at R-100.
Responsible	Crystal R. Oliver, Chief of Human Resources; Kevin Potts, Director of Strategic Staffing, Human Resources (Board CAP action 4.7)
Anticipated completion	As stated at the cited item

R-100 — Recommendation · Report p. 296 (PDF p. 408)

The auditor recommended: *Establish file retention and retrieval procedures requiring HR to maintain and produce original personnel files corresponding to an employee's initial hire date, including base salary rates, assignment sheets, and contract agreements, regardless of subsequent rehire activity, supplemented by a centralized tracking mechanism and periodic audits to identify and remediate missing or incomplete files.*

Position	Agree
Corrective action	Per HR Action Plan §3.2, an Employee File Checklist has been developed and implemented effective 1 June 2026. All files from July 2025 to May 2026 are being recreated to align with the new checklist. These files are centrally located in the vault in Room 158 of the COE Building. Each hire, whether a rehire or not, will receive a new folder containing the current information. Where an employee is rehired, the new folder is cross-referenced to, and retained with, the file from the employee's initial hire, so that the original hire record remains identifiable and producible.
Responsible	Crystal R. Oliver, Chief of Human Resources; Kevin Potts, Director of Strategic Staffing, Human Resources (Board CAP action 4.7)
Anticipated completion	May 20, 2027

Observation #143 · Report pp. 298–299 (PDF pp. 410–411)

The auditor observed: *The District did not consistently comply with policy requirements related to supporting documentation for check disbursements, as detailed below: a) Six samples totaling \$12,277.67 were below the dollar threshold requiring an AP Payment Request Form; however, the required form could not be located. These samples were processed using a PO, although a PO was not required for the transaction.*

Corrective action	Where a purchase order number is present, a separate payment request form is not required under current practice, and a purchase order was issued for each transaction identified. The District's payment documentation standard requires an invoice with every payment request without exception, and the policy clarification committed under R-70 will state definitively whether a purchase order alone satisfies the documentation requirement, so that the practice and the policy agree.
Responsible	Paula Young, Manager of Accounts Payable
Anticipated completion	As stated at the cited item

R-101 — Recommendation · Report p. 299 (PDF p. 411)

The auditor recommended: *The District should clarify and update policy guidance to specify whether a physically signed invoice is required for disbursements or whether electronic receipt confirmation and approvals within the APECS system are sufficient to meet documentation and internal control requirements.*

Position	Agree
Corrective action	The District's payment documentation standard is that an invoice is required with every payment request, without exception; the payment request and its invoice are routed through APECS for approval before payment, and a purchase order does not substitute for the invoice requirement (R-33). The standard is communicated to departments through the Accounts Payable procedures and the Out-of-Compliance letter process (R-29), which identifies payment requests submitted without the required invoice.
Responsible	Tito Langston, Chief of Business Operations, with Paula Young, Manager of Accounts Payable (administration) and LaQueeya Braxton, Director of Procurement
Anticipated completion	Completed — no anticipated completion date

Observation #144 · Report p. 301 (PDF p. 413)

The auditor observed: *The District lacks a formal policy governing the chart of accounts. The District does not have a formal policy in its official policy manual that addresses the structure, maintenance, and oversight of the chart of accounts.*

Corrective action	The chart-of-accounts cluster reaches this: a formal chart-of-accounts policy and maintenance procedure (R-102), governance over additions and changes (R-105, with its owner), and periodic review for accuracy and continued use (R-106).
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	As stated at the cited item

R-102 — Recommendation · Report p. 301 (PDF p. 413)

The auditor recommended: *Document formal policies for creation, modification, inactivation, and monitoring of Chart of Accounts elements.*

Position	Agree
Corrective action	Requests for a new department or program/project code are submitted to the Accounting & Reporting mailbox with justification, and are reviewed and approved or denied. On approval the code is added to APECS and the requestor is notified, then submits a file of account numbers for loading. Each account is validated for a correct function-object-department-location combination; invalid combinations are not loaded and the requestor is notified which lines were rejected and why. The ledger is periodically reviewed to identify invalid segments; an account segment identified as invalid is frozen and marked 'do not roll forward.' These practices will be documented as formal chart-of-accounts policies and procedures.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	June 30, 2027

Observation #145 · Report p. 301 (PDF p. 413)

The auditor observed: *The continued availability of inactive location codes in APECS contributed to miscoding and required manual reclassification. CLA identified transactions coded to inactive school locations requiring reclassification, as discussed in 5.A.*

Corrective action	This condition is addressed by the committed deactivation and control of inactive location codes (R-103) and the validation preventing charges to inactive codes (R-104).
Responsible	Leslie Knighten, Controller, Accounting & Reporting

Anticipated completion	As stated at the cited item
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R-103 — Recommendation · Report p. 301 (PDF p. 413)

The auditor recommended: *Formalize periodic reviews to identify and inactivate unused location, project, and object codes.*

Position	Agree
Corrective action	The District performs periodic reviews of the chart of accounts to identify location, project and object codes that are no longer in use. Accounts are exported from APECS and reviewed for validity; where a code is identified as unused or invalid, the account segment is frozen and marked 'do not roll forward' so it cannot carry into the following year. Accounting and Reporting will document this review as written procedure, including its frequency and the record kept of each review.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	June 30, 2027

R-104 — Recommendation · Report p. 301 (PDF p. 413)

This recommendation also arises from: *Observation #145 (stated at R-103).*

The auditor recommended: *Restrict use of inactive or legacy account codes in APECS, where feasible.*

Position	Agree
Corrective action	Where an account segment is identified as inactive or legacy, it is frozen in APECS so that no further transactions can post to it, and the requestor is notified. Account combinations are validated at load: an invalid function-object-department-location combination is rejected and the requesting department is told which lines were rejected and why. Accounting and Reporting will document these restrictions in the chart-of-accounts procedure.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	June 30, 2027

R-105 — Recommendation · Report p. 301 (PDF p. 413)

This recommendation also arises from: *Observation #144 (stated at R-102).*

The auditor recommended: *Periodically review placeholder and control accounts to confirm appropriate use.*

Position	Agree
Corrective action	Board CAP P5 action 5.5: periodic review of placeholder and control accounts alongside the duplicate-account exception report — no unreviewed placeholder or control account.
Responsible	Leslie Knighten, Controller, Accounting and Reporting / Tito Langston, Chief of Business Operations
Anticipated completion	May 20, 2027

R-106 — Recommendation · Report p. 302 (PDF p. 414)

This recommendation also arises from: *Observation #144 (stated at R-102).*

The auditor recommended: *Document existing oversight practices (ledger reviews, account freezes, account maintenance), including frequency and responsible parties.*

Position	Agree
Corrective action	Account codes are monitored manually by the Controller because of limited reporting capability within APECS. Accounts are exported from APECS, the function and object are concatenated and validated against the Tennessee Department of Education allowed function-object combinations, and where an invalid account is identified the expenditures are reclassified to the correct cost center and account number, with all affected departments notified to correct the invalid account. To prevent further transactions posting to the account, the account is frozen until all transactions are reclassified. This existing oversight practice will be documented as written procedure.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	June 30, 2027

Observation #146 · Report p. 304 (PDF p. 416)

The auditor observed: *CLA noted 26 reimbursements totaling \$27,121.63 where employees did not submit the required travel pre approval forms with sufficient advance notice prior to travel. Based on discussions with finance personnel, travel expenses will be paid as long as the travel is legitimate and approved at the departmental level, whether or not the pre-approval is submitted within the required timeframe.*

Corrective action	Three legs, one already filed: R-110 (complete) establishes the written justification standard (Policy 2020, p.4 §B1); R-107 commits enforcement of itemized-receipt and documentation requirements for the 26 reimbursements pattern (\$27,121.63); R-108 commits pre-payment review of reimbursement support.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	As stated at the cited item

Observation #147 · Report p. 304 (PDF p. 416)

The auditor observed: *CLA noted 26 reimbursements totaling \$31,525.52 where employees did not complete their expense report within five to seven days following the conclusion of travel. Based on discussions with finance personnel, travel expenses will be paid as long as the travel is legitimate and approved at the departmental level, whether or not the expenses are submitted within the required timeframe.*

Corrective action	The same three-leg structure as #146 for the \$31,525.52 pattern: the filed R-110 standard plus R-107 documentation enforcement and R-108 pre-payment review.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	As stated at the cited item

R-107 — Recommendation · Report p. 306 (PDF p. 418)

The auditor recommended: *Ensure all appropriate approvals are obtained timely and documented prior to completing the procurement process. If approval was not obtained or travel occurred prior to approvals, document the reason. Consider whether certain disciplinary steps may be necessary for employees that continue to demonstrate non-compliance. Additional training and periodic communication to District employees regarding pre approval requirements, timelines, and expectations could improve compliance and help ensure that travel requests are reviewed and approved in a timely manner.*

Position	Agree
Corrective action	All out-of-town travel must be approved in APECS before any travel expenditure is incurred; if travel occurs before the travel requisition is approved, reimbursement is not allowed. Any disciplinary determination arising from non-compliance is referred to Human Resources and Legal. Systematic monitoring of approval timing is dependent on a report to be generated by Information Technology.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	June 30, 2027

R-108 — Recommendation · Report p. 306 (PDF p. 418)

This recommendation also arises from: *Observation #146 (stated at R-107); Observation #147 (stated at R-107).*

The auditor recommended: *The District should consider increasing the number of staff authorized to review and approve travel reimbursements. At the time of testing, only one staff member is responsible for processing travel reimbursements for the entire District, including teachers, staff, administrators, management, and Board Members. While this observation does not indicate a control failure, delayed processing may increase administrative backlog. Consideration of additional staffing resources or process automation may help improve the timeliness of reimbursement processing and reduce delays during periods of high transaction volume.*

Position	Disagree
Corrective action	Management acknowledges the recommendation; however, implementation is not feasible under the current staffing structure. The Office of Finance, Accounting & Reporting Department does not have an additional position to assist with travel reimbursement processing. While only one staff member is currently responsible for reviewing and processing travel reimbursements, the compensating controls are the pre-travel approval requirement in APECS and supervisory review; the recommendation cannot be implemented without additional qualified personnel.
Responsible	Leslie Knighten, Controller, Accounting & Reporting, with Information Technology
Anticipated completion	Not applicable — reasoned disagreement

Observation #148 · Report pp. 304–305 (PDF pp. 416–417)

The auditor observed: *The District did not consistently comply with policy requirements related to supporting documentation for travel reimbursements, as detailed below: a) Seven federally-funded samples totaling \$9,440.81 did not have the required Travel Justification Form attached to the support in APECS. b) For four federally-funded samples totaling \$5,541.80, the Travel Justification Form attached to the support in APECS was not approved. c) For one sample totalin...*

Corrective action	R-109 addresses policy compliance for travel reimbursements: required receipts and documentation for all reimbursable travel costs, verified before payment, with documented exception handling.
Responsible	Leslie Knighten, Controller, Accounting & Reporting, with Information Technology

Anticipated completion	As stated at the cited item
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Observation #150 · Report p. 305 (PDF p. 417)

The auditor observed: *CLA noted one reimbursement where no receipts were provided for taxi, luggage fees, and airport parking totaling \$213.23.*

Corrective action	The single no-receipt reimbursement (taxi/parking) is the exact case R-109's receipt-verification and exception-documentation commitment reaches.
Responsible	Leslie Knighten, Controller, Accounting & Reporting, with Information Technology
Anticipated completion	As stated at the cited item

R-109 — Recommendation · Report p. 306 (PDF p. 418)

The auditor recommended: *The District should increase efforts to ensure all relevant support is maintained in APECS. The support should include the travel justification form, travel requisition, detailed invoice and receipts, description of the purpose of travel, and evidence of appropriate advance approvals.*

Position	Agree in part
Corrective action	Management acknowledges the recommendation and agrees that complete supporting documentation should be retained within APECS. The District has experienced limitations related to document storage and retention within available local and cloud-based storage environments; as a result, some documents may have become detached from APECS during the audit period after the approval process was completed. Management believes the issue relates to system storage and document retention constraints rather than an absence of required documentation at the time of review and approval. The District will address retention capacity with Information Technology so that approved support remains attached and retrievable.
Responsible	Leslie Knighten, Controller, Accounting & Reporting, with Information Technology
Anticipated completion	June 30, 2027

Observation #149 · Report p. 305 (PDF p. 417)

The auditor observed: *CLA noted one reimbursement where valet parking amounting to \$99.85 was incorrectly marked as tolls on the expense report.*

Corrective action	R-110 (filed) addresses the condition: Board Policy 2020, page 4, Section B1 requires a written justification statement supporting the necessity of out-of-town travel, and where travel is charged to a federal award, that the statement justify the travel as necessary to that award; Board Member travel is governed by Policy 0016, which requires prior authorization from the Board Chair. The instance described is addressed as enforcement of an existing requirement rather than as an absent control. No additional action required.
Responsible	Maria Stewart, Governmental Affairs and Compliance Manager
Anticipated completion	As stated at the cited item

Observation #151 · Report p. 305 (PDF p. 417)

The auditor observed: *CLA noted one reimbursement for purchase of a preferred seat for \$20.16, violating the District travel policy.*

Corrective action	This condition is addressed on the same basis as Observation #149: the written travel justification requirement at Policy 2020, p. 4, §B1 and the Board Chair authorization requirement at Policy 0016 are existing controls, and the District's response addresses consistent enforcement and documentation of those requirements. No additional action required.
Responsible	Maria Stewart, Governmental Affairs and Compliance Manager
Anticipated completion	As stated at the cited item

R-110 — Recommendation · Report p. 307 (PDF p. 419)

This recommendation also arises from: *Observation #146 (stated at R-107); Observation #147 (stated at R-107).*

The auditor recommended: *Review and update the District's travel policies to formally reflect current practices, including the requirement that all travel be supported by an approved travel justification form and the documented exemption of Board Members from standard travel requirements.*

Position	Disagree
Corrective action	No new corrective action — reasoned disagreement. Existing controls named: Policy 2020 (employees) and Policy 0016 (Board Members). Per Policy 2020, page 4, Section B1: a written justification statement supporting the necessity for employees to participate in out-of-town activities/events is required, and where travel expenses are charged to a federal award, the written statement must justify that the travel is necessary to the federal award. Board Member

	travel is governed by Policy 0016, which requires prior authorization from the Board Chair for payment of professional development expenses (inclusive of travel); failure to obtain prior approval may result in the Board Member assuming personal responsibility for such expenses. The District will continue to evaluate administrative procedures for consistent implementation and documentation of existing travel approval requirements. The same requirement is applied district-wide, regardless of funding source, as described at R-1.
Responsible	Maria Stewart, Governmental Affairs and Compliance Manager
Anticipated completion	Not applicable — reasoned disagreement

Observation #152 · Report p. 311 (PDF p. 423)

The auditor observed: *The District's budgeting process is decentralized across multiple systems and departments, with limited system-integrated controls, resulting in inefficiencies and reduced consistency, particularly during high-demand periods or staff turnover. Interviews with budget, fiscal planning, and executive office personnel confirmed that the District uses different systems and groups to manage its budget.*

Corrective action	The corrective action committed under R-111 addresses the condition: budgeting and financial oversight functions are centralized through a unified budget workflow in Allovue operating since December 2025, with budget-to-actual data sourced from APECS and written standard operating procedures for budget development and oversight. Corrective action, responsible position, and anticipated timeline: as stated at R-111.
Responsible	Felicia Freeney Ollie, Director of Budget and Fiscal Planning
Anticipated completion	As stated at the cited item

R-111 — Recommendation · Report pp. 316–317 (PDF pp. 428–429)

The auditor recommended: *The District should continue efforts to centralize budgeting and financial oversight functions to reduce reliance on decentralized, department-level processes that diminish during periods of staff turnover. Specifically, the District should formalize and standardize the budget development process across central office departments by transitioning from department-submitted Excel templates to a unified budget development workflow within APECS or Allovue Allocate. Budget-to-actual monitoring and monthly forecasting should be supported by systematic, recurring reporting generated from APECS rather than relying primarily on management review and departmental meetings. The District should document written procedures for each stage of the budget cycle: development, adoption, amendment, reconciliation, and year-end close. These procedures should be paired with role-specific desk guides that show staff how the work is actually performed. The guides should include system navigation steps, sample reports, reconciliation tie-outs, and worked examples of common reconciling items. Both should be reviewed and updated periodically to support new and promoted staff and preserve continuity through turnover.*

Position	Disagree
Corrective action	Budgeting and financial oversight functions have been centralized: a unified budget workflow has operated in Allovue since December 2025; budget-to-actual data is sourced from APECS and feeds forecasting; and written standard operating procedures for budget development and oversight exist and were shared with the audit team during fieldwork. The District confirmed these arrangements to the auditors during meetings and interviews. No additional corrective action is proposed; the control described by the recommendation is in place and operating.
Responsible	Felicia Freeney, Director of Budget & Fiscal Planning
Anticipated completion	Not applicable — reasoned disagreement

Observation #153 · Report pp. 311–312 (PDF pp. 423–424)

The auditor observed: *Budget revisions and transfers lack system based traceability to supporting documentation and approvals. CLA identified 34 budget revisions and 40 budget transfers that lacked visible support in APECS and relied on off-system documentation.*

Corrective action	This condition is addressed under R-112: supporting documentation for budget revisions and transfers is retained in BoardDocs with Board resolution references and in electronic folders organized by approval year and month, and is retrievable on request, with the retention standard documented in written procedure. Corrective action, responsible position, and anticipated timeline: as stated at R-112.
Responsible	Felicia Freeney Ollie, Director of Budget and Fiscal Planning
Anticipated completion	As stated at the cited item

R-112 — Recommendation · Report p. 317 (PDF p. 429)

The auditor recommended: *The District should require that supporting documentation for all budget revisions and transfers, including budget amendment exhibits, Board resolution references, and reconciliation workpapers, be attached directly within APECS at the transaction level or linked through a standardized reference field that identifies the corresponding Board meeting date, resolution number, and amendment folder location. To improve traceability, the District should adopt a consistent filing structure for budget amendment folders across fiscal years, including monthly or period-specific subfolders that correspond to the months in which amendments are presented to the Board. Individual line items within a revision or transfer should be recorded and retained at a level of detail sufficient to trace each APECS entry to a discrete Board-approved line item without requiring manual aggregation or reliance on off-system source files. Where line items are rolled up into functional-level totals for Board*

presentation, the District should maintain and retain a detailed mapping schedule that identifies each underlying account-level change comprising the aggregated amount.

Position	Agree
Corrective action	APECS supports document attachment across Finance transactions, including journal entries and budget revisions and transfers; supporting documents are stored on an APECS server, are linked to the transaction, and are retrieved with the other transaction data in APECS. The District confirmed this capability with the system vendor on September 14, 2026. Budget amendments are held in BoardDocs with their Board resolution references, and supporting workpapers are retained in electronic folders organized by approval year and month, so that support for any budget revision or transfer can be produced on request and reconciled to the transaction. This retention practice is consistent with the District's approach elsewhere: journal entries require attached support in APECS before approval (R-2), and where the system cannot report the support it is retained and validated outside the system (R-102, R-106). Budget and Fiscal Planning will document an attachment standard identifying the support attached to each budget revision and transfer at the transaction record in APECS — the budget amendment exhibit, the Board resolution reference, and the reconciliation workpaper — and will apply it to transactions processed from the effective date of the standard forward, as described at IC-96. Where line items are presented to the Board at functional level, Budget and Fiscal Planning will retain a mapping schedule identifying each account-level change comprising the aggregated amount, so that an APECS entry can be traced to the discrete Board-approved line item without manual aggregation.
Responsible	Felicia Freeney, Director of Budget & Fiscal Planning
Anticipated completion	December 18, 2026

Observation #154 · Report pp. 312–313 (PDF pp. 424–425)

The auditor observed: Board approval requirements for budget changes are not readily evident within APECS. APECS transaction data does not clearly indicate whether a budget revision or transfer required Board approval or whether such approval was obtained.

Corrective action	This condition is addressed in part under R-113: budget changes requiring Board approval are routed through the budget amendment and Board agenda process, which supplies the independent review; APECS user, group and role access is reviewed and unnecessary access removed under the Information Technology access review committed at IC-8. Corrective action, responsible position, and anticipated timeline: as stated at R-113 and IC-8.
Responsible	Felicia Freeney Ollie, Director of Budget and Fiscal Planning, with Rodney “Adam” Young, Executive Director of IT Operations
Anticipated completion	As stated at the cited item

R-113 — Recommendation · Report pp. 317–318 (PDF pp. 429–430)

The auditor recommended: The District should configure APECS to clearly distinguish between budget changes that require Board approval and those that do not, based on the criteria established in Policy 2001; specifically, whether the change crosses functional categories, impacts salary and benefit accounts, or results in an increase or decrease to the adopted budget. Each budget revision and transfer entered into APECS should include a required field or notation indicating whether Board approval was required, the basis for that determination, and, if applicable, the corresponding Board resolution number and approval date. The District should also review and restrict superuser access within APECS to ensure that budget revisions requiring Board approval are not entered and self-approved without an independent system-level review or secondary approval step. Where Board-approved revisions encompass multiple underlying account-level changes, the approval record within APECS should reference the functional-level authorization and link to the detailed mapping schedule identifying each account-level component, as recommended in Recommendation #112.

Position	Disagree
Corrective action	First, configuring APECS to make a transaction-level determination of which budget changes require Board approval is not operationally feasible at District scale; the approval criteria in Board policy are applied through the budget amendment and Board agenda process rather than through system configuration at the individual transaction level. Second, superuser access within APECS is a necessary function of system administration rather than a control weakness; access is limited to designated system administrators. The APECS access element is delivered through Information Technology's review of users, groups and roles committed at IC-8, within the annual access review of all District applications at IC-3.
Responsible	Felicia Freeney, Director of Budget & Fiscal Planning (Budget half). Rodney “Adam” Young, Executive Director of IT Operations (access element) — the APECS configuration and superuser access review sit with Information Technology
Anticipated completion	Not applicable — reasoned disagreement

Observation #155 · Report p. 313 (PDF p. 425)

The auditor observed: Board member discretionary budgets are managed through informal processes and decentralized documentation. All 103 Board member discretionary allocation transactions selected for testing were tracked using manual spreadsheets and emails to record requests, allocations, balances, and revisions.

Corrective action	This condition is addressed under R-114: Board Member discretionary allocations are administered through a shared tracker that calculates balances as requests are approved, allocations and remaining balances are presented at monthly Board meetings, unexpended allocations no longer roll over, and a Strategic Board Allocations Policy documents approval parameters, eligible expenditures and annual training. Corrective action, responsible position, and anticipated timeline: as stated at R-114.
Responsible	Felicia Freeney Ollie, Director of Budget and Fiscal Planning, with the Board Office
Anticipated completion	As stated at the cited item

Observation #156 · Report pp. 313–314 (PDF pp. 425–426)

The auditor observed: Board allocation requests were not initiated by principals, approved by the appropriate Board member, or both, violating the described process. CLA identified 28 Board allocation entries totaling \$109,604.95 that were missing required authorization: 11 entries, totaling \$45,250.00, lacked evidence of principal initiation, three entries, totaling \$6,213.95, lacked Board member approval, and 14 entries, totaling \$58,141.00, lacked both.

Corrective action	This condition is addressed under R-114, on the same basis as Observation #155; the approval parameters and tracker record prevent allocations lacking principal initiation or Board Member approval. Corrective action, responsible position, and anticipated timeline: as stated at R-114.
Responsible	Felicia Freeney Ollie, Director of Budget and Fiscal Planning, with the Board Office
Anticipated completion	As stated at the cited item

Observation #157 · Report p. 314 (PDF p. 426)

The auditor observed: Board allocation expenditures included capital, operational, employee appreciation, and supply costs that do not align with the allowable cost criteria directly benefiting students. CLA identified 64 Board allocation entries totaling \$426,793.21 that did not meet the allowable cost criteria for directly benefiting students.

Corrective action	This condition is addressed under R-114, on the same basis as Observation #155; documented eligible-expenditure definitions and annual training address expenditures outside the allowable-cost criteria. Corrective action, responsible position, and anticipated timeline: as stated at R-114.
Responsible	Felicia Freeney Ollie, Director of Budget and Fiscal Planning, with the Board Office
Anticipated completion	As stated at the cited item

Observation #158 · Report p. 314 (PDF p. 426)

The auditor observed: Timing differences and incorrect project code use created discrepancies in Board allocation tracking and recording. CLA identified two Board allocation entries totaling \$17,000.00 where approval and expenditure crossed fiscal years, causing negative budget transfers or discrepancies in later years.

Corrective action	This condition is addressed under R-114, on the same basis as Observation #155; the end of roll-over and monthly balance reporting address allocations crossing fiscal years with project-code discrepancies. Corrective action, responsible position, and anticipated timeline: as stated at R-114.
Responsible	Felicia Freeney Ollie, Director of Budget and Fiscal Planning, with the Board Office
Anticipated completion	As stated at the cited item

Observation #159 · Report p. 315 (PDF p. 427)

The auditor observed: Board member discretionary budgets were allocated across districts or transferred between Board members without documented authorization. CLA identified 10 Board allocation entries totaling \$26,794.16 where the allocation either came from a Board member whose district did not include the requesting school or involved a direct or indirect transfer of funds to another Board member without documented approval from the Board members involved.

Corrective action	This condition is addressed under R-114, on the same basis as Observation #155; the approval parameters and centralized tracker record address allocations transferred across districts or between Board Members without documented authorization. Corrective action, responsible position, and anticipated timeline: as stated at R-114.
Responsible	Felicia Freeney Ollie, Director of Budget and Fiscal Planning, with the Board Office
Anticipated completion	As stated at the cited item

R-114 — Recommendation · Report p. 318 (PDF p. 430)

The auditor recommended: Formalize Board Member discretionary budget policies, approval criteria, documentation, and centralized tracking.

Position	Agree
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Corrective action	Board Member discretionary allocations are administered through a shared tracker that calculates balances as requests are approved; approved allocations and remaining balances are presented at monthly Board meetings; and unexpended Board allocations no longer roll over between fiscal years. These controls are established in Board Policy 2022, Board Strategic School Fund Allocations Program, issued February 11, 2026: principals submit written requests at least one month in advance; the Superintendent or designee reviews each request within five business days; the full Board approves allocations; recurring operating costs, personal benefit, and travel, food or discretionary uses not tied to the approved initiative are prohibited; schools provide receipts and post-expenditure reports; a tracking log is reconciled monthly and quarterly reports go to the Board; unallocated funds revert to the General Fund by March with no rollover; and the program is reviewed annually before budget approval, with training provided. Together these address the conditions identified: allocations lacking principal initiation or Board Member approval (\$109,604.95) are prevented by the approval parameters and tracker record; expenditures outside the allowable-cost criteria (\$426,793.21) are addressed by the documented eligible-expenditure definitions and annual training; allocations crossing fiscal years with project-code discrepancies (\$17,000.00) are addressed by the end of roll-over and monthly balance reporting; and allocations transferred across districts or between Board Members without documented authorization (\$26,794.16) are addressed by the approval parameters and the centralized tracker record. Monthly presentation of allocations and balances is carried through the Board Office, which also verifies grant and fund information in Board materials before posting (WH-8).
Responsible	Felicia Freney, Director of Budget & Fiscal Planning, with the Manager of Executive Services (Board Office)
Anticipated completion	December 18, 2026

Observation #160 · Report p. 315 (PDF p. 427)

The auditor observed: *Unoccupied facility costs were of low dollar value, but approval documentation was inconsistent. Costs were limited and generally reasonable, such as monthly utility payments for unoccupied facilities that averaged \$2,423.85 for the sample CLA tested; however, approval documentation varied, particularly for ACH utility payments.*

Corrective action	This condition is addressed under R-115: Facility Services identifies the facility to which each unoccupied-facility expenditure relates and supplies the supporting documentation and approval evidence, and Accounts Payable attaches that documentation to the voucher in APECS and does not process the expenditure without it. Corrective action, responsible position, and anticipated timeline: as stated at R-115.
Responsible	Michelle Stuart, Facility Services Officer, with Paula Young, Manager of Accounts Payable
Anticipated completion	As stated at the cited item

R-115 — Recommendation · Report p. 318 (PDF p. 430)

The auditor recommended: *Strengthen documentation standards for unoccupied facility expenditures, including consistent facility identification and centralized approval evidence.*

Position	Agree
Corrective action	Documentation standards for unoccupied facility expenditures are strengthened through the department that holds the underlying records. The Department of Facility Services identifies the facility to which each expenditure relates and provides the supporting documentation and approval evidence for that expenditure; Accounts Payable attaches the documentation supplied by Facility Services to the corresponding voucher in APECS so that the facility identification and approval evidence are retrievable with the payment record. Facility Services will apply consistent facility identification to unoccupied-facility expenditures and provide centralized approval evidence with each submission; Accounts Payable will not process an unoccupied-facility expenditure without that documentation attached.
Responsible	Michelle Stuart, Facility Services Officer (facility identification, supporting documentation and approval evidence); with Paula Young, Manager of Accounts Payable (attachment to the voucher in APECS)
Anticipated completion	March 12, 2027

Observation #161 · Report p. 315 (PDF p. 427)

The auditor observed: *Miscoding of an expense to an inactive location code required manual reclassification. CLA identified a \$6,561.00 expense paid to Hotel & Restaurant Supply for a three door reach in freezer that was incorrectly coded to Manor Lake Elementary School, a wholly vacant facility as evidenced in the 2022 Underutilized and Vacant Facilities Report.*

Corrective action	R-116 commits the correction workflow this observation shows the need for: miscoded expenses identified and corrected through a documented reclassification process, with the inactive-code controls (R-103/R-104) preventing the initial miscoding.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	As stated at the cited item

R-116 — Recommendation · Report p. 318 (PDF p. 430)

The auditor recommended: *Restrict use of inactive or legacy account codes in APECS, where feasible.*

Position	Agree
Corrective action	Addressed by the corrective action at R-104: inactive and legacy account codes are frozen in APECS so no further transactions can post, and invalid account combinations are rejected at load with the requesting department notified. Where expenditures have posted to an account later identified as invalid, they are reclassified to the correct cost center and account number and the affected departments are notified to correct the coding on existing requisitions and purchase orders. This reclassification and notification practice is already in operation.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	Completed — no anticipated completion date

Observation #162 · Report p. 323 (PDF p. 435)

The auditor observed: *The District master vendor listing included 2,584 vendor names with blank or incomplete addresses. Of the 2,584 vendors with blank or incomplete addresses, 311 were listed as active, which limits the District's ability to verify vendor legitimacy, issue accurate 1099s, and identify potential duplicate or fictitious vendors.*

Corrective action	The corrective action committed under R-117 addresses the condition described: Board CAP P2 action 2.6: remediate the master vendor listing — comprehensive review of active vendor records (including blank/incomplete addresses), consolidation of duplicates, retention of strategic sourcing catalogs and approved supplier lists, on a recurring periodic basis. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

R-117 — Recommendation · Report p. 326 (PDF p. 438)

The auditor recommended: *The District should perform a comprehensive review of its master vendor listing to identify and remediate all active vendor records with blank or incomplete addresses. Going forward, the District should implement system-level input controls in APECS that require complete address information before a vendor record can be activated or used for payment processing.*

Position	Agree
Corrective action	Board CAP P2 action 2.6: remediate the master vendor listing — comprehensive review of active vendor records (including blank/incomplete addresses), consolidation of duplicates, retention of strategic sourcing catalogs and approved supplier lists, on a recurring periodic basis.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

Observation #163 · Report pp. 323–324 (PDF pp. 435–436)

The auditor observed: *The District's master vendor listing included 104 vendor names containing "void" or "test" within the vendor name field, despite APECS providing designated status fields (e.g., inactive or frozen) to indicate vendor status. CLA confirmed that all identified vendors were appropriately classified as inactive or frozen within APECS, and a sample of 10 such vendors did not receive payments between fiscal year 2022 and 2024.*

Corrective action	The corrective action committed under R-118 addresses the condition described: Board CAP P2 action 2.6: discontinue void/test indicator practices as part of the comprehensive active-vendor-record review and remediation log. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

R-118 — Recommendation · Report pp. 326–327 (PDF pp. 438–439)

The auditor recommended: *The District should discontinue the practice of embedding status indicators such as "void" or "test" within vendor name fields and instead rely exclusively on the designated status fields within APECS (e.g., inactive or frozen) to reflect vendor status. Existing vendor records containing these naming conventions should be reviewed and reclassified using the appropriate system status designations.*

Position	Agree
Corrective action	Board CAP P2 action 2.6: discontinue void/test indicator practices as part of the comprehensive active-vendor-record review and remediation log.
Responsible	LaQueeya Braxton, Director of Procurement

Anticipated completion	March 12, 2027
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Observation #164 · Report p. 324 (PDF p. 436)

The auditor observed: *The District's master vendor listing contained 4,746 vendors that shared a similar name and address with at least one other vendor record. While the majority of these were a mix of active and inactive or frozen records, CLA identified 129 fully active vendor records with similar names and addresses.*

Corrective action	The corrective action committed under R-119 addresses the condition described: Board CAP P2 action 2.6: periodic review identifying and consolidating duplicate vendor records, with the duplicate rate held below the threshold set at first screening. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

R-119 — Recommendation · Report p. 327 (PDF p. 439)

The auditor recommended: *The District should perform a periodic review of its master vendor listing to identify and consolidate duplicate vendor records sharing similar names and addresses. Active duplicate records should be evaluated for consolidation, and the District should implement a vendor master data governance process, including duplicate detection controls at the point of vendor creation, to prevent the accumulation of duplicate records going forward.*

Position	Agree
Corrective action	Board CAP P2 action 2.6: periodic review identifying and consolidating duplicate vendor records, with the duplicate rate held below the threshold set at first screening.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

Observation #165 · Report p. 324 (PDF p. 436)

The auditor observed: *The District did not collect Conflict of Interest disclosure forms from key employees for fiscal year 2023 and 2024 as required by Policy 4003. The absence of these forms for two consecutive fiscal years impaired CLA's ability to evaluate whether key employees involved in the procurement process maintained undisclosed financial relationships with vendors or contractors doing business with the District.*

Corrective action	The corrective action committed under R-120 addresses the condition described: Board CAP P2 action 2.1: resume annual collection of conflict-of-interest disclosures from all key employees and complete the FY2022–2025 backlog for personnel still employed, with the roster reconciled to HR records. No additional action required.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	As stated at the cited item

R-120 — Recommendation · Report p. 327 (PDF p. 439)

The auditor recommended: *The District should immediately resume the annual collection of Conflict of Interest disclosure forms from all key employees and senior management as required by Policy 4003. The District should also implement a tracking and monitoring mechanism to ensure timely completion and follow-up on non-submissions and should cross-reference disclosed interests against the master vendor listing on an annual basis to identify potential conflicts at the point of procurement.*

Position	Agree
Corrective action	Board CAP P2 action 2.1: resume annual collection of conflict-of-interest disclosures from all key employees and complete the FY2022–2025 backlog for personnel still employed, with the roster reconciled to HR records.
Responsible	William Fulton, Executive Director of Internal Audit
Anticipated completion	December 18, 2026

Observation #166 · Report p. 325 (PDF p. 437)

The auditor observed: *CLA cross-referenced the District's master vendor listing against the federal SAM.GOV exclusion database and identified one vendor, Overwatch Global Strategies, LLC, currently listed as ineligible. The vendor was created in APECS on November 17, 2020 and remains active in the District's system, although its federal debarment was effective January 22, 2025.*

Corrective action	The corrective action committed under R-121 addresses the condition described: Procurement will screen the active vendor population against the federal SAM.gov exclusion database and the State of Tennessee debarred vendors list at least annually and at the point of new vendor creation. A vendor identified as debarred, suspended or otherwise ineligible is deactivated in APECS and flagged so that no further contract award or payment can be made to it, with the
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	screening result and any deactivation documented. The vendor identified in this observation, Overwatch Global Strategies, LLC, is deactivated under this control. Screening operates within the vendor screening and debarment infrastructure committed at Board CAP actions 2.3, 2.4 and 2.6. Corrective action, responsible position, and anticipated timeline: as stated at R-121.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

R-121 — Recommendation · Report p. 327 (PDF p. 439)

The auditor recommended: *The District should implement a periodic screening process to compare its active vendor population against the federal SAM.GOV exclusion database and the State of Tennessee debarred vendors list. Any vendors identified as debarred, suspended, or otherwise ineligible should be immediately deactivated in APECS and flagged to prevent future contract awards or payments. This screening should be performed no less than annually and at the point of new vendor creation.*

Position	Agree
Corrective action	Procurement will screen the active vendor population against the federal SAM.gov exclusion database and the State of Tennessee debarred vendors list at least annually and at the point of new vendor creation. A vendor identified as debarred, suspended or otherwise ineligible is deactivated in APECS and flagged so that no further contract award or payment can be made to it, with the screening result and any deactivation documented. The vendor identified in the audit, Overwatch Global Strategies, LLC, is deactivated under this control. Screening operates within the vendor screening and debarment infrastructure committed at Board CAP actions 2.3, 2.4 and 2.6.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

Observation #167 · Report p. 325 (PDF p. 437)

The auditor observed: *After requesting pricing catalogs on April 9, 2026, the District did not produce the pricing catalogs in effect during the scope period until mid June 2026, at which time CLA received an archive of 433 files with varying levels of identification and organization. The volume of files, combined with inconsistent naming conventions and limited organization, did not allow CLA to reliably identify which pricing catalogs were in effect during fiscal ye...*

Corrective action	The corrective action committed under R-122 addresses the condition described: Board CAP P2 action 2.6: retention of strategic sourcing catalogs and approved supplier lists on a recurring periodic basis, as part of master vendor listing remediation. No additional action required.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

R-122 — Recommendation · Report p. 327 (PDF p. 439)

The auditor recommended: *The District should retain all strategic sourcing pricing catalogs and approved supplier listings for the duration of each contract period and for a sufficient period thereafter to support audit and compliance review. Retained catalogs should be organized and clearly labeled by effective fiscal year and supplier category so that the applicable catalog for any given period can be readily identified. The District should also establish a process to periodically reconcile procurement activity against the approved supplier listings to verify that strategic sourcing suppliers are being utilized as required and that any procurements from non-listed vendors are supported by documented exceptions.*

Position	Agree
Corrective action	Board CAP P2 action 2.6: retention of strategic sourcing catalogs and approved supplier lists on a recurring periodic basis, as part of master vendor listing remediation.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	March 12, 2027

Observation #169 · Report p. 330 (PDF p. 442)

The auditor observed: *All Board Members filed their Statements of Disclosure of Interests (SS-8005) for the years applicable to them, and these completed forms were publicly available with one exception. Based on their position, a Board Member was required to file Statements of Disclosure of Interests for all calendar years within the forensic audit period (2021, 2022, 2023, and 2024).*

Corrective action	R-123 addresses this condition, and its first element is already in place: the Board Office has established an Annual Financial Disclosure Master Calendar and tracking process for Statements of Disclosure of Interests (SS-8005), under which applicable filing deadlines are monitored, each Board Member's annual submission is tracked, and outstanding documentation — the single exception this observation identifies — is followed up to completion with the completed statements publicly available. No additional action required.
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Responsible	Yolanda Timberlake, Manager of Executive Services, Board Office
Anticipated completion	As stated at the cited item

R-123 — Recommendation · Report p. 332 (PDF p. 444)

The auditor recommended: *The Board should implement and enforce a formal process to ensure that all Statements of Disclosure of Interests (SS 8005) are timely filed, submitted, and publicly posted in accordance with Tennessee Ethics Commission requirements. This process should include documented responsibility, verification of public availability on the Ethics Commission's portal, and periodic compliance reviews. Additionally, Board members should receive annual reminders and written confirmation of filing requirements to prevent future compliance failures.*

Position	Agree in part
Corrective action	The Board Office has established an Annual Financial Disclosure Master Calendar and tracking process for Statements of Disclosure of Interests (SS-8005). The Board Office will monitor applicable filing deadlines, track annual submissions for each Board Member, follow up on outstanding documentation, and maintain confirmation of filing so that compliance can be independently verified regardless of when documents are made publicly available on the State's website.
Responsible	Yolanda Timberlake, Manager of Executive Services (Board Office)
Anticipated completion	March 12, 2027

Observation #172 · Report p. 331 (PDF p. 443)

The auditor observed: *Another Board Member engaged in conduct that constituted an alleged violation of District Policy 0022, Board Members Code of Conduct. Specifically, the Board Member appeared to attempt to exercise individual authority over the organization by attending a parent teacher meeting and engaging in conduct that intimidated and harassed the assistant principal and principal of a school.*

Corrective action	The corrective actions committed under R-124, R-125 address the condition described: Provide Board Members with refresher training on Board Member roles and responsibilities, limits of authority, Board-Staff communication protocols, and the Code of Conduct/Ethics Further, HR contribution per HR Action Plan §3.3: Board-member-inquiry routing protocol so personnel decisions (hiring, promotion, compensation) stay with management, paired with independent processing of any disclosed. No additional action required.
Responsible	Maria Stewart, Governmental Affairs and Compliance Manager (named by the department)
Anticipated completion	As stated at the cited item

R-124 — Recommendation · Report p. 332 (PDF p. 444)

The auditor recommended: *The District appropriately addressed a Board policy violation by issuing a formal reprimand to Board Member Keith Williams on November 21, 2023. To further mitigate the risk of recurrence, the Board should reinforce training and guidance regarding Board Member roles, authority limitations, and required communications protocols with District staff. The Board should also consider periodic refresher training on the Board Members Code of Conduct and Board-Staff Communications policies to ensure continued compliance and understanding.*

Position	Agree
Corrective action	The District will provide Board Members with refresher training on Board Member roles and responsibilities, limits of authority, Board-Staff communication protocols, and the Code of Conduct/Ethics. Annual comprehensive training and review of the Shelby County Board of Education's Internal Board Operations policies, with specific attention to board-staff communications protocols and ethical standards. Provide an overview of the Board's communications (board-staff) and ethics policies in new board member orientation. Board Members are required by Tenn. Code Ann. § 49-2-202(a)(6) and State Board of Education Rule 0520-01-02-.11 to complete a minimum of seven hours of State Board-approved training each fiscal year, and twenty-one hours in their first year of service including a fourteen-hour orientation covering, among other topics, Tennessee open meetings and open records requirements and conflict of interest and ethics; Board Members fulfill that requirement through courses approved by the State Board and offered principally by the Tennessee School Boards Association, and course providers report completions to the Tennessee Department of Education, which monitors compliance. The training and guidance described in this corrective action supplement that existing state-mandated requirement and do not replace it.
Responsible	Maria Stewart, Governmental Affairs and Compliance Manager (named by the department)
Anticipated completion	December 18, 2026

Observation #170 · Report p. 330 (PDF p. 442)

The auditor observed: *A Board member appears to have exerted influence over the promotion of an employee, which appears inconsistent with Board Policy 0022, Board Members Code of Conduct. On January 9, 2023, an email from the Chief of Business Operations directed another employee to identify an available position for an existing staff member, stating: "Please review and see where he can fit within our operation."*

Corrective action	The corrective action committed under R-125 addresses the condition described: HR contribution per HR Action Plan §3.3: Board-member-inquiry routing protocol so personnel decisions (hiring, promotion, compensation) stay with management, paired with independent processing of any disclosed relationships. No additional action required.
Responsible	HR; Superintendent (inquiry routing)
Anticipated completion	As stated at the cited item

Observation #171 · Report p. 331 (PDF p. 443)

The auditor observed: *At the time of this communication, the employee held the position of Community Schools Manager. Effective April 24, 2023, the employee title changed to Senior Manager - Board and Government Affairs.*

Corrective action	The corrective action committed under R-125 addresses the condition described: HR contribution per HR Action Plan §3.3: Board-member-inquiry routing protocol so personnel decisions (hiring, promotion, compensation) stay with management, paired with independent processing of any disclosed relationships. No additional action required.
Responsible	HR; Superintendent (inquiry routing)
Anticipated completion	As stated at the cited item

R-125 — Recommendation · Report p. 332 (PDF p. 444)

This recommendation also arises from: *Observation #172 (stated at R-124).*

The auditor recommended: *Reinforce and formalize expectations regarding appropriate Board member conduct and interactions with District personnel to prevent potential undue influence on administrative and operational matters. This should include the implementation of mandatory, ongoing governance and ethics training for all Board members focused on appropriate roles and responsibilities, prohibitions on involvement in personnel decisions, compliance with District Policy 0018 governing Board-staff communications, and the identification and avoidance of conflicts of interest, including those involving family members. Additionally, the District should reiterate and enforce existing policies clarifying that personnel decisions and program administration are the responsibility of District management, and that Board members should not intervene in individual employment or application-related matters. The District should also establish clear protocols for handling Board member inquiries by requiring that such requests be routed through appropriate administrative channels, documented as necessary, and supported by guidance for staff on responding to potentially inappropriate requests*

Position	Agree
Corrective action	HR contribution per HR Action Plan §3.3: Board-member-inquiry routing protocol so personnel decisions (hiring, promotion, compensation) stay with management, paired with independent processing of any disclosed relationships. Board CAP P2 action 2.8: Board member conduct expectations regarding personnel decisions reinforced and Board personnel inquiries routed through the Superintendent, incorporated into new-Board-member orientation and ongoing training (Dec 18, 2026). Section VII recommends a new/amended Board Member Conduct policy for adoption.
Responsible	HR; Superintendent (inquiry routing)
Anticipated completion	December 18, 2026

Observation #175 · Report pp. 337–338 (PDF pp. 449–450)

The auditor observed: *CLA identified a breakdown in the District's enforcement and documentation of disciplinary procedures related to non-compliance with Policy 2006. Although Out of Compliance letters were required to be placed in employee HR files and could result in disciplinary action, none of the 12 employee HR files tested for fiscal years 2022 and 2023 contained such letters, nor was there evidence that disciplinary action was initiated for failure or repeat...*

Corrective action	The corrective actions committed under R-126, R-127, R-128 address the condition described: HR-side scope per HR Action Plan §4.4: disciplinary documentation — including any Out-of-Compliance letters required under applicable policy — complete in HR Further, Board CAP P2 action 2.7: enforcement responsibilities for procurement non-compliance formalized by standard operating procedure issued Further, Board CAP P2 action 2.7: centralized OOC-letter repository with supervisory review confirming follow-through, operating under the issued. No additional action required.
Responsible	Theron Stallworth, Director of Labor Relations, Human Resources (file completeness), with Tito Langston, Chief of Business Operations (SOP)
Anticipated completion	As stated at the cited item

R-126 — Recommendation · Report p. 338 (PDF p. 450)

The auditor recommended: *Formalize and document enforcement responsibilities for procurement non-compliance by clearly defining and documenting responsibility for issuing, tracking, and enforcing Out of Compliance letters, including ownership of follow up actions, to ensure consistent application of Policy 2006 requirements regardless of personnel changes.*

Position	Agree
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Corrective action	Disciplinary documentation, including any Out-of-Compliance letters required under applicable policy, is complete in Human Resources files and verified at separation through the offboarding workflow. District-wide issuance and enforcement operate under the Out of Compliance Payment Accountability and Progressive Discipline Process, a standard operating procedure effective July 7, 2026, under which a copy of each Out-of-Compliance letter is placed in the responsible employee's personnel file and the applicable Senior Leader is notified and accountable; Finance maintains a centralized log of occurrences reviewed with executive leadership monthly, and progressive discipline applies to repeat occurrences. This control also supports Priority 4 (payroll and personnel).
Responsible	Theron Stallworth, Director of Labor Relations, Human Resources (file completeness), with Tito Langston, Chief of Business Operations (SOP)
Anticipated completion	December 18, 2026

Observation #176 · Report p. 338 (PDF p. 450)

The auditor observed: *CLA identified only one instance of potential disciplinary action related to non-compliance with Policy 2006. This instance involved an Out of Compliance letter issued to two senior facilities employees in connection with a \$528,765 transaction for which a purchase order was created (PO No.*

Corrective action	The corrective actions committed under R-127, R-128 address the condition described (\$528,765): Board CAP P2 action 2.7: enforcement responsibilities for procurement non-compliance formalized by standard operating procedure issued in advance of the final report; centralized repository for Further, Board CAP P2 action 2.7: centralized OOC-letter repository with supervisory review confirming follow-through, operating under the issued enforcement SOP. No additional action required.
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	As stated at the cited item

R-127 — Recommendation · Report p. 339 (PDF p. 451)

This recommendation also arises from: *Observation #175 (stated at R-126).*

The auditor recommended: *CLA recommends that the District establish a centralized repository for Out of Compliance letters and related documentation, including signed acknowledgments, to ensure records are retained, accessible, and auditable. This process should include documented standards for where and how compliance records are stored.*

Position	Agree
Corrective action	The control is the Out of Compliance Payment Accountability and Progressive Discipline Process, a standard operating procedure issued and effective July 7, 2026, in advance of the final audit report. Its scope is district-wide — salaries, invoices, contracts, procurement and other financial transactions — not procurement alone. Each confirmed occurrence is issued a physical Out-of-Compliance letter and documented by Finance and Human Resources, recording the date, a description of the occurrence, the amount, the responsible employee, the department, the Senior Leader and the corrective action taken; a copy of the letter is placed in the responsible employee's personnel file; the applicable Senior Leader is notified and is accountable for the occurrence; Finance maintains a centralized log of all occurrences, reviewed with executive leadership monthly; and progressive discipline applies to repeat occurrences, with the progressive sequence reserved for bypass only where the conduct is intentional misconduct or fraud. This control also supports Priority 4 (payroll and personnel).
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	Completed — no anticipated completion date

R-128 — Recommendation · Report p. 339 (PDF p. 451)

This recommendation also arises from: *Observation #175 (stated at R-126); Observation #176 (stated at R-127).*

The auditor recommended: *CLA recommends that the District implement periodic monitoring or supervisory review to confirm that Out of Compliance letters are issued, retained, and resolved in accordance with applicable policy, and that exceptions or repeat non-compliance are identified and addressed in a timely manner.*

Position	Agree
Corrective action	The control is the Out of Compliance Payment Accountability and Progressive Discipline Process, a standard operating procedure issued and effective July 7, 2026, in advance of the final audit report. Its scope is district-wide — salaries, invoices, contracts, procurement and other financial transactions — not procurement alone. Each confirmed occurrence is issued a physical Out-of-Compliance letter and documented by Finance and Human Resources, recording the date, a description of the occurrence, the amount, the responsible employee, the department, the Senior Leader and the corrective action taken; a copy of the letter is placed in the responsible employee's personnel file; the applicable Senior Leader is notified and is accountable for the occurrence; Finance maintains a centralized log of all occurrences, reviewed with executive leadership monthly; and progressive discipline applies to repeat occurrences, with the

	progressive sequence reserved for bypass only where the conduct is intentional misconduct or fraud. This control also supports Priority 4 (payroll and personnel).
Responsible	Tito Langston, Chief of Business Operations
Anticipated completion	Completed — no anticipated completion date

Observation #177 · Report p. 340 (PDF p. 452)

The auditor observed: On May 18, 2023, a Board member emailed the full Board (a quorum) and shared perspectives and suggested next steps on multiple Board matters. The email addressed planning and scheduling of superintendent search meetings, expectations for agendas and pre-work, and consideration of related Board policies.

Corrective action	The committed work reaches the condition described: annual Tennessee Open Meetings Act training for all Board Members, legal counsel, and supporting administrative staff expressly covers deliberation by a quorum outside a noticed meeting, including serial electronic communications (R-129); and Board discussion of planning, scheduling, and Board business is channeled to the appropriate formal structures — Work Sessions, Special Called Meetings, Committee Meetings, and Business Meetings — with proper notice and documentation (R-130). No additional action required.
Responsible	Yolanda Timberlake, Manager of Executive Services, Board Office
Anticipated completion	As stated at the cited item

Observation #178 · Report p. 341 (PDF p. 453)

The auditor observed: On June 19, 2023, a Board member emailed the full Board (a quorum) requesting postponement of a specially-called meeting scheduled for June 20, 2023, to discuss the interim superintendent's contract, noting that he and three other members would be unavailable due to scheduled travel. The member emphasized the importance of full Board participation for transparency and accountability and requested suspension of the Board policy requiring five-day ...

Corrective action	This condition is addressed by the same two commitments as Observation #177: TOMA training covering quorum email exchanges on Board business (here, the scheduling and substance of a specially-called meeting on the interim superintendent's contract), and the channeling of such matters to noticed formal meetings under R-130's meeting-structure commitment. No additional action required.
Responsible	Yolanda Timberlake, Manager of Executive Services, Board Office
Anticipated completion	As stated at the cited item

Observation #179 · Report p. 341 (PDF p. 453)

The auditor observed: On March 6, 2024, legal counsel emailed three Board members advising that he would later that day send a communication to the full Board requesting each member's input on the starting compensation for the new superintendent. Subsequent communications to individual Board members indicated that the process would involve gathering input separately from each member and then reporting progress and areas of consensus collectively.

Corrective action	The committed work reaches this condition at both ends of the exchange: R-129's annual TOMA training expressly includes legal counsel and administrative staff who support Board meetings, addressing counsel-circulated requests for member input outside a noticed meeting; and R-130 channels compensation deliberations to the formal meeting structure with appropriate notice. No additional action required.
Responsible	Yolanda Timberlake, Manager of Executive Services (Board Office), with Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

Observation #180 · Report pp. 341–342 (PDF pp. 453–454)

The auditor observed: On April 4, 2024, general counsel circulated an email concerning a consulting services contract drafted for the outgoing interim superintendent. From that date through April 16, 2024, several Board members continued the email exchange.

Corrective action	This condition is addressed on the same basis as Observation #179: the multi-day email exchange among Board members on a drafted consulting contract is the pattern R-129's training on serial quorum communications addresses, and R-130 commits the underlying deliberation to a noticed formal meeting. No additional action required.
Responsible	Yolanda Timberlake, Manager of Executive Services (Board Office), with Justin Bailey, General Counsel
Anticipated completion	As stated at the cited item

Observation #181 · Report pp. 342–343 (PDF pp. 454–455)

The auditor observed: A calendar invitation sent to all Board members reflects a meeting scheduled for August 9, 2022, from 5:15 p.m. to 5:45 p.m., noted to occur immediately following a Special Called Executive Session.

Corrective action	The committed work reaches this condition from both directions: R-131 strengthens procedures for meeting notices, postings, and documentation so that any gathering of the Board convened by calendar invitation is properly noticed and documented as a meeting where required; and R-129's training covers what constitutes a meeting requiring notice, including gatherings scheduled adjacent to executive sessions. No additional action required.
Responsible	Yolanda Timberlake, Manager of Executive Services, Board Office
Anticipated completion	As stated at the cited item

R-129 — Recommendation · Report p. 344 (PDF p. 456)

The auditor recommended: *Strengthen governance practices to ensure compliance with the Tennessee Open Meetings Act and to reinforce the principle that deliberations on public business occur in an open and transparent manner. Specifically, the Board should conduct formal Open Meetings Act training for all Board members, legal counsel, and relevant administrative staff at least on an annual basis. The training should address what constitutes quorum deliberation, risks associated with on- going communications and consensus-building outside of public meetings.*

Position	Agree
Corrective action	The Board Office will work with General Counsel to provide annual Tennessee Open Meetings Act (TOMA) training for all Board Members, legal counsel, and administrative staff who support Board meetings. The training will cover the requirements in the recommendation, including quorum deliberations, serial or rolling communications, and consensus-building outside a properly noticed meeting. The Board Office will maintain documentation of the annual training, including attendance records and a signed acknowledgment from each Board Member confirming completion, retained on file for documentation and compliance purposes. TOMA is found at Tenn. Code Ann. § 8-44-101 et seq.
Responsible	Yolanda Timberlake, Manager of Executive Services (Board Office), with Justin Bailey, General Counsel
Anticipated completion	March 12, 2027

R-130 — Recommendation · Report p. 344 (PDF p. 456)

This recommendation also arises from: *Observation #177 (stated at R-129); Observation #178 (stated at R-129); Observation #179 (stated at R-129); Observation #180 (stated at R-129).*

The auditor recommended: *Implement procedures to route substantive Board discussions through formal meeting structures that include work sessions, special-called meetings, or committee meetings, with proper notice and documentation.*

Position	Agree
Corrective action	The Board Office will work with General Counsel to ensure Board discussions are conducted through the appropriate formal meeting structure — Board Work Sessions, Special Called Meetings, Committee Meetings and Board Business Meetings — and will continue to coordinate the appropriate meeting notice, agenda and supporting documentation so discussions are conducted openly and in accordance with TOMA.
Responsible	Yolanda Timberlake, Manager of Executive Services (Board Office), with General Counsel
Anticipated completion	March 12, 2027

Observation #182 · Report p. 343 (PDF p. 455)

The auditor observed: *The District's 2022 audio archives appear incomplete, as the archive includes entries for August 9, 2022, and September 13, 2022; however, the August 9, 2022, entry does not contain an audio recording. Because the archive is intended to capture formal Board meetings, the absence of recorded audio, together with the lack of corresponding documentation, indicates that the archival record of meetings may be incomplete.*

Corrective action	R-131 addresses this condition prospectively: Board meeting documentation — notices, calendar invitations, agendas, minutes, and audio recordings — will be maintained completely in accordance with Board policy, with archive completeness verified so that a scheduled entry without its recording is identified and resolved at the time. The absent August 9, 2022 recording itself cannot be recreated; the response states the historical gap plainly and commits the control that prevents recurrence. No additional action required. In addition, the Board Office and Communications Department will strengthen the process for maintaining and verifying Board meeting recordings: following each Board meeting, the recording will be confirmed as complete, accessible, and properly maintained with the District's official Board meeting records. The Board Office will verify the meeting documentation and the Communications Department will ensure the recording is captured, posted, and accessible. A Board Meeting Recording Verification Log will be maintained to track the meeting date, recording status, and archival confirmation.
Responsible	Yolanda Timberlake, Manager of Executive Services, Board Office
Anticipated completion	As stated at the cited item

R-131 — Recommendation · Report p. 344 (PDF p. 456)

This recommendation also arises from: *Observation #181 (stated at R-129).*

The auditor recommended: *CLA recommends that the District strengthen its governance and records-management practices related to Board meetings by implementing procedures to ensure that all meetings, including closed or executive sessions, are properly noticed, documented, and retained in accordance with applicable law and District policy. This should include maintaining complete and consistent records of meeting notices, calendar invitations, agendas, minutes, and audio recordings; periodically reconciling publicly posted records to internal scheduling documentation; and assigning responsibility for verifying that all official Board records are complete and accurately reflect Board activity.*

Position	Agree
Corrective action	The Board Office will strengthen its procedures for Board meeting notices, postings and documentation, ensuring official Board meetings are properly noticed, documented and maintained in accordance with Board policy — including meeting notices, calendar invitations, agendas, minutes, audio recordings and related scheduling documentation. Prior to distribution or posting of official Board meeting information (email notifications, calendar invitations, District calendar updates and public meeting notices), the Manager of Executive Services will review and approve the information for accuracy, consistency and completeness. Designated Board Office staff and the Manager of Executive Services will be responsible for verifying that required information is accurate, complete and timely posted or distributed.
Responsible	Yolanda Timberlake, Manager of Executive Services (Board Office)
Anticipated completion	March 12, 2027

Observation #183 · Report pp. 366–367 (PDF pp. 478–479)

The auditor observed: *CLA’s review identified significant governance, documentation, and oversight challenges related to SchoolSeed’s role as a fiscal agent for MSCS related activities. Although SchoolSeed asserted that it did not maintain contracts or agreements with MSCS during the period under review, MSCS records maintained in APECS reflect multiple executed contracts, memoranda of understanding, professional and non professional services agreements, and fiscal ag...*

Corrective action	The District acknowledges the observation. SchoolSeed is a separate fiscal agent. The funds are privately donated and the District holds no ownership interest. The District cannot commit or control SchoolSeed’s internal governance or records. The governance, documentation and oversight challenges identified relate to SchoolSeed’s role as fiscal agent, and the executed contracts, memoranda of understanding and other instruments reflected in the District’s own records are addressed through the District-side commitments at R-132: a designated District liaison, a memorandum of understanding required for any future arrangement in which a third party acts as fiscal agent for District-related activity, and documentation standards for such activity. Corrective action, responsible position, and anticipated timeline: as stated at R-132.
Responsible	SchoolSeed / Justin Bailey, General Counsel, (written agreement), Tito Langston, Chief of Business Operations (District liaison)
Anticipated completion	As stated at the cited item

R-132 — Recommendation · Report p. 368 (PDF p. 480)

The auditor recommended: *SchoolSeed should formalize its relationships with Memphis Shelby County Schools through clear, written agreements for any and all activity in which SchoolSeed acts as a fiscal agent, intermediary, or administrator of funds benefiting MSCS. Such agreements should clearly define the scope of services, roles and responsibilities, reporting requirements, fee structures, documentation standards, and audit or inspection rights to reduce ambiguity and enhance accountability for all parties.*

Position	Agree
Corrective action	SchoolSeed is a separate fiscal agent. The funds are privately donated and the District holds no ownership interest. The District cannot commit or control SchoolSeed’s internal governance or records. The recommendation is directed at SchoolSeed and asks it to formalize its relationships with the District through written agreements; the District cannot adopt commitments on SchoolSeed’s behalf. The District’s commitments are those within its own control: a designated District liaison for SchoolSeed-administered activity; a memorandum of understanding, developed with Finance and Legal input on funding and fund allocation, required for any future public/private partnership in which a third party acts as fiscal agent for District-related activity, with the xAI agreement as the operating precedent; and documentation standards for District-related activity administered by a third party. Where SchoolSeed or any other entity acts as a fiscal agent, intermediary or administrator of funds benefiting the District in future, the District will require a written agreement defining scope, roles and responsibilities, reporting, fee structure, documentation standards and audit or inspection rights before the activity proceeds.
Responsible	SchoolSeed / Justin Bailey, General Counsel, (written agreement), Tito Langston, Chief of Business Operations (District liaison)
Anticipated completion	March 12, 2027

Observation #184 · Report p. 367 (PDF p. 479)

The auditor observed: *CLA's testing was constrained by SchoolSeed's limited production of financial records. SchoolSeed did not provide a complete general ledger, bank statements, or full QuickBooks records for the period under review and instead produced documentation limited to the 2023 and 2024 Leadership Symposiums, supplemented by a single transaction listing that did not represent a complete population of MSCS-related activity.*

Corrective action	The District acknowledges the observation. SchoolSeed's limited production of financial records to the auditor concerns records that SchoolSeed, not the District, maintains; the District cannot compel production of a separate entity's general ledger, bank statements or accounting files. The observation illustrates the need for the documentation and production standards the District is committing at R-132 and R-133 for any future third-party-administered activity, under which records supporting District-related activity are retained and producible to the District on request. Corrective action, responsible position, and anticipated timeline: as stated at R-132 and R-133.
Responsible	SchoolSeed
Anticipated completion	As stated at the cited item

Observation #185 · Report p. 367 (PDF p. 479)

The auditor observed: *Within the Leadership Symposium projects reviewed, CLA identified weaknesses in documentation and financial recordkeeping, including unsupported or partially supported revenue and expense transactions, reliance on internally prepared spreadsheets in lieu of third-party evidence, inconsistencies between the general ledger and supporting documentation, and transactions appearing in supporting files but not recorded in the general ledger. CLA also n...*

Corrective action	The District acknowledges the observation. The documentation and recordkeeping weaknesses identified within the Leadership Symposium projects concern SchoolSeed's records. For District-related activity administered by a third party in future, the documentation standards committed at R-133 require project-level accounting records supported by third-party documentation, reconciled to the supporting files and producible to the District. Corrective action, responsible position, and anticipated timeline: as stated at R-133.
Responsible	SchoolSeed
Anticipated completion	As stated at the cited item

R-133 — Recommendation · Report p. 368 (PDF p. 480)

The auditor recommended: *SchoolSeed should continue to enhance its financial documentation framework by maintaining comprehensive, project level and organization wide accounting records supported by third party documentation. Although CLA has not yet requested specific additional information and SchoolSeed indicated that all documentation for the Learning Symposiums was provided, subsequent information requests as the review progresses may provide an opportunity to locate documentation not previously provided. Maintaining readily available third party support would further support transparency and auditability.*

Position	Agree
Corrective action	SchoolSeed is a separate fiscal agent. The funds are privately donated and the District holds no ownership interest. The District cannot commit or control SchoolSeed's internal governance or records. The recommendation asks SchoolSeed to enhance its own financial documentation framework; the District cannot direct SchoolSeed's accounting records. For District-related activity administered by a third party, the District will apply the documentation standards committed at R-132 — project-level records supported by third-party documentation, retained and producible to the District on request under the governing agreement — and the designated District liaison will be the point of contact for any information request concerning that activity.
Responsible	SchoolSeed / Justin Bailey, General Counsel, (written agreement), Tito Langston, Chief of Business Operations (District liaison)
Anticipated completion	March 12, 2027

Observations not tied to a specific recommendation

Observation #7 · Report p. 42 (PDF p. 154)

The auditor observed: *The District's supporting documentation did not always clearly demonstrate the relation between certain expenditures and COVID-19-related purposes. All of the transactions tested and reviewed were found to be compliant with ESSER fund requirements through additional inquiries responded to after the issuance of CLA's report.*

Corrective action	The District acknowledges the observation and notes the observation in its favor: all of the ESSER transactions tested and reviewed were found to be compliant with ESSER requirements. Where supporting documentation did not on its face state the relation between an expenditure and its COVID-19-related purpose, that relation is documented in the grant application and budget narrative retained by Federal Programs. The corrective actions committed under IC-88 through IC-92 strengthen retention of purpose documentation with each federally funded transaction. Corrective action, responsible position, and anticipated timeline: as stated at those items.
Responsible	Derrick Morris, Director II — Federal Programs and Operations

Anticipated completion	As stated at the cited item
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Observation #16 · Report p. 46 (PDF p. 158)

The auditor observed: *There was inconsistent use of the location code within the general ledger for ESSER expenditures. CLA observed that certain ESSER expenditure transactions were recorded using location code 1000, Central Office in the general ledger rather than the specific school location to which the expenses related.*

Corrective action	The corrective action committed under R-4 addresses the condition: a written standard operating procedure requires expenditures directly attributable to a school, including federally funded expenditures, to be recorded against that school's location code rather than the central office location code, operating through a control-account structure so that spending is controlled centrally while expenditure is captured where it occurs. Corrective action, responsible position, and anticipated timeline: as stated at R-4.
Responsible	Leslie Knighten, Controller, Accounting and Reporting, with Derrick Morris, Director II — Federal Programs and Operations, and Shenarick Story, Director of Grant Management and Compliance (as stated at R-4)
Anticipated completion	As stated at the cited item

Observation #17 · Report p. 51 (PDF p. 163)

The auditor observed: *Head Start has strong, well-documented policies and procedures. The District has developed comprehensive, well written policies and procedures specifically tailored to the Head Start program.*

Corrective action	The District acknowledges this observation and appreciates its inclusion. Head Start's policies and procedures were found to be comprehensive and well documented. The District will treat the Head Start documentation set as the internal reference standard when documenting procedures in other federal programs, so that a demonstrated strength is applied more widely rather than left isolated. No corrective action is required.
Responsible	Divalyn L. Gordon, Executive Director, Early Childhood
Anticipated completion	As stated at the cited item

Observation #18 · Report p. 51 (PDF p. 163)

The auditor observed: *The Head Start program executive director was highly knowledgeable of program requirements. The District's executive director of early childhood has nearly 30 years of experience with the District and has served in the executive director role for approximately six years.*

Corrective action	The District acknowledges this observation. The knowledge of the executive director of early childhood was found to be a strength of the program. The District notes that reliance on individual expertise carries a succession risk, which is the subject of Internal Controls Observation 19, and the corrective action there is intended to convert individual knowledge into documented institutional knowledge. No corrective action is required for this observation.
Responsible	Divalyn L. Gordon, Executive Director, Early Childhood
Anticipated completion	As stated at the cited item

Observation #26 · Report pp. 57–58 (PDF pp. 169–170)

The auditor observed: *CRATE system capabilities are being used to their full potential and are very well organized. The CRATE system, implemented in Spring 2022, was observed by CLA to be a well-organized and effectively utilized tool within the charter school office.*

Corrective action	The District acknowledges this observation. The CRATE system was found to be well organized and used to its full potential. The District will use CRATE as the reference example when assessing whether other systems are being used to the extent their capability allows. No corrective action is required.
Responsible	Divalyn L. Gordon, Executive Director, Early Childhood
Anticipated completion	As stated at the cited item

Observation #28 · Report p. 58 (PDF p. 170)

The auditor observed: *Standard BEP and TISA allocations were accurate and consistent with State schedules. Standard BEP and TISA allocation amounts for all samples tested agreed to State-provided schedules and were accurately recorded in the general ledger, with corresponding activity appropriately reconciled to the corresponding bank statements.*

Corrective action	The District acknowledges this observation. Standard BEP and TISA allocation amounts were found accurate and consistent with State schedules. No corrective action is required.
Responsible	Divalyn L. Gordon, Executive Director, Early Childhood
Anticipated completion	As stated at the cited item

Observation #29 · Report p. 70 (PDF p. 182)

The auditor observed: *The conflict-of-interest language required by Policy 4003 was not identified in any documentation. Policy 4003: Conflict of Interest requires "All Shelby County Schools procurement documents shall contain a clause reserving the right of the school district to review vendor, supplier, or contractor records to determine whether a conflict of interest exists." CLA did not identify any documentation containing this clause.*

Corrective action	Disagree in part — with a factual update. Board Policy 4003, Conflict of Interest, was amended on December 2, 2025 to require that the conflict-of-interest clause reserving the District's rights appear in procurement documents, and procurement solicitations and contract templates issued since that amendment carry the required language. The condition observed reflects documents issued before the amendment. The District's vendor conflict-of-interest disclosure and screening commitments under the Board Corrective Action Plan (R-120, R-71) apply the amended policy at each procurement. No additional corrective action is required beyond those already committed.
Responsible	Maria Stewart, Governmental Affairs and Compliance Manager (policy), with LaQueeya Braxton, Director of Procurement (procurement documents)
Anticipated completion	As stated at the cited item

Observation #50 · Report p. 138 (PDF p. 250)

The auditor observed: *11 samples totaling \$93,545.10 were within the dollar threshold requiring three quotes; however, the quotes could not be located in either Contract Advantage or APECS, the District's designated systems of record for procurement documentation.*

Corrective action	The District acknowledges the observation. Purchases within the three-quote threshold require documented quotes, and the corrective actions committed under R-11 and R-37 require that the quotes be retained in the procurement file and reviewed before purchase-order issuance, with the procurement method recorded at requisition, so that the quotes supporting any purchase are retrievable from the file. Corrective action, responsible position, and anticipated timeline: as stated at R-11 and R-37.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

Observation #51 · Report p. 138 (PDF p. 250)

The auditor observed: *Four samples totaling \$319,391.17 in disbursements were above the dollar threshold requiring competitive bidding; however, no evidence of competitive bidding could be located in either Contract Advantage or APECS, the District's designated systems of record for procurement documentation.*

Corrective action	The District acknowledges the observation. Purchases above the competitive-bidding threshold require documented competitive procurement, and the corrective actions committed under Board CAP actions 1.4 and 1.5 and at R-11 and R-37 require that the solicitation, bids received and basis for award be retained in the procurement file and reviewed before purchase-order issuance. Corrective action, responsible position, and anticipated timeline: as stated at R-11 and R-37.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

Observation #52 · Report p. 138 (PDF p. 250)

The auditor observed: *CLA observed evidence of vendors performing services prior to contract execution, as detailed below: a) Contract 2022-0310 with Design 31, LLC included an invoice for \$8,750.00 dated August 23, 2021 in the supporting documentation within APECS; however, the associated PAF was not signed until September 29, 2021. b) Contract 2022-0211 with Rhodes Lauck & Associates, Inc. included an invoice for \$1,200.00 dated August 23, 2021 in the supporting doc...*

Corrective action	The District acknowledges the observation. Commencing services before a contract is fully executed is prohibited by Board policy, and the corrective actions committed under R-24 and R-29 address the control weakness: contract signature and execution dates are validated in Contract Advantage before execution, with confirmation that a contract is fully executed before services commence, and instances of services beginning without an executed contract are escalated through Out-of-Compliance letters with supervisory follow-through. Corrective action, responsible position, and anticipated timeline: as stated at R-24 and R-29.
Responsible	LaQueeya Braxton, Director of Procurement, with Denise Brownlee, Contract Administrator, Contracts and Transactions
Anticipated completion	As stated at the cited item

Observation #53 · Report p. 138 (PDF p. 250)

The auditor observed: *CLA observed evidence of contracts being awarded to the vendor who did not submit the lowest quote, as detailed below: a) Contract 2022-0456 with LiveSchool, Inc. was awarded based on its quote of \$3,950.00; however, a lower quote of \$2,339.75 was submitted by*

another vendor. b) Contract 2022-0596 with Perpetual Motion, LLC was awarded based on its quote of \$9,950.00; however, a lower quote of \$9,375.00 was submitted by Churchill.

Corrective action	Disagree in part — with the applicable standard stated. Board Policy 2006 provides for award to the lowest responsible and responsive bidder, which permits award to a bidder other than the lowest-priced where the lowest quote does not meet responsibility or responsiveness requirements; price alone does not determine award. Where an award is made to other than the lowest quote, the basis must be documented in the procurement file, and the corrective actions committed under R-11 and R-37 require that documentation to be retained and reviewed. The District will apply that documentation standard to the awards identified. Corrective action, responsible position, and anticipated timeline: as stated at R-11 and R-37.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

Observation #54 · Report p. 139 (PDF p. 251)

The auditor observed: *CLA identified six non-professional services contracts totaling \$12,738,808.80 in disbursements for which the required PAF could not be located in either Contract Advantage or APECS, the District's designated systems of record for procurement documentation.*

Corrective action	The District acknowledges the observation. The corrective actions committed under R-24 and IC-50 address the condition: the Procurement Authorization Form is required and enforced at the defined Procurement–Contracts checkpoints so that a contract does not proceed without the form completed and retrievable in Contract Advantage or the procurement file, and Contracts and Procurement are adopting standardized naming conventions and aligned contract classifications across Contract Advantage and APECS so that a form filed under either system can be located from the other. Corrective action, responsible position, and anticipated timeline: as stated at R-24 and IC-50.
Responsible	Denise Brownlee, Contract Administrator, with LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

Observation #55 · Report p. 139 (PDF p. 251)

The auditor observed: *CLA identified one non-professional services contract totaling \$47,955.88 in disbursements for which evidence of required Board approval was not attached to the associated purchase orders. As a result, it was unclear what documentation was reviewed or relied upon at the time the POs were created and approved.*

Corrective action	The contract identified totals \$47,955.88 in disbursements. Under Board policy, non-professional services contracts require Board approval at \$100,000 and above; a contract below that threshold does not require Board approval, and no Board-approval evidence would therefore be attached to its purchase orders. The observation appears to rest on an incorrect premise as to the applicable threshold. For contracts that do require Board approval, the corrective action committed under R-17 attaches evidence of Board approval to the associated purchase order at the pre-execution checkpoint.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions; threshold to be cited to the policy provision before filing
Anticipated completion	As stated at the cited item

Observation #56 · Report p. 139 (PDF p. 251)

The auditor observed: *CLA identified one non-professional services contract totaling \$5,000.00 in disbursements for which the required PAF or evidence of three quotes could not be located in either Contract Advantage or APECS.*

Corrective action	The District acknowledges the observation. The Procurement Authorization Form and the required quotes for purchases within the quote threshold are enforced at the Procurement–Contracts checkpoints under R-24 and retained with the procurement file under R-11 and R-37, so that either can be located from the file for any contract. Corrective action, responsible position, and anticipated timeline: as stated at R-24, R-11 and R-37.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

Observation #63 · Report p. 151 (PDF p. 263)

The auditor observed: *CLA confirmed that the Contracts Team has not received formal vendor-provided training on Contract Advantage and that staff originally trained on the system are no longer employed by the District. As a result, there is an increased risk of inconsistent system uses and processing practices.*

Corrective action	The Contracts team has received and continues to receive training on Contract Advantage, and the staff originally trained on the system have been succeeded by staff trained since. The audit's specific concern is formal vendor-provided training; the District will obtain vendor-provided training on Contract Advantage for the Contracts team and
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	will document attendance, so that system knowledge is not dependent on individual tenure. This commitment is carried with the Contracts standard operating procedures under IC-42 and IC-49.
Responsible	Denise Brownlee, Contract Administrator, with Thomas Perry, Senior Counsel, Office of General Counsel
Anticipated completion	As stated at the cited item

Observation #66 · Report p. 152 (PDF p. 264)

The auditor observed: *The conflict of interest process is not integrated with procurement decision-making. Testing indicated that when the procurement method could not be determined, conflict of interest questions were largely unanswerable.*

Corrective action	The District acknowledges the observation. The conflict-of-interest framework committed under the Board Corrective Action Plan integrates disclosure with procurement decision-making: vendor and evaluator conflict-of-interest disclosures are collected at the solicitation and evaluation stages, vendors are screened against related-party data, and the procurement method and its documentation are standardized (R-11, R-37) so that the question of who participated in a procurement decision is answerable from the file. Corrective action, responsible position, and anticipated timeline: as stated at R-120, R-71, R-11 and R-37.
Responsible	LaQueeya Braxton, Director of Procurement, with the Office of General Counsel
Anticipated completion	As stated at the cited item

Observation #79 · Report pp. 163–166 (PDF pp. 275–278)

The auditor observed: *The \$34,779.92 payment referenced in CDA's complaint was a legitimate disbursement to First Student for approved subcontractor services in July 2023 and was not attributable to CDA. CDA's September 1, 2023 email to the OEO included screenshots from the City of Memphis website, and in the September 5, 2023 formal complaint, the CDA owner alleged that the District disbursed \$34,779.92 to First Student for CDA-related services in July 2023 despite C...*

Corrective action	The District agrees with this observation and notes that it is favorable. The audit confirms that the \$34,779.92 payment referenced in the complaint was a legitimate disbursement to First Student for approved subcontractor services rendered in July 2023, and was not attributable to the complainant. No corrective action is required; the disbursement was properly made for services performed.
Responsible	Office of General Counsel
Anticipated completion	As stated at the cited item

Observation #81 · Report p. 202 (PDF p. 314)

The auditor observed: *Based on the procedures performed, there is sufficient evidence to conclude that the payments totaling \$27,708.97 related to Contract 2023-0215, executed in September 2022 with KQ Communication, are consistent with the ACFE's guidance on abuse. The initial contract was for \$46,500.00.*

Corrective action	The corrective actions committed under R-19, R-28 address the condition described (\$27,708.97, \$46,500.00): Academics-division scope per Academics Action Plan §§2.1–2.2: effective immediately, no invoice on an Academics consulting or coaching engagement is approved without documented evidence of delivery (session logs/attendance Further, Facilities-division contribution per Facilities Action Plan Rev. No additional action required.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer (standard); designated contract monitors (verification); Accounts Payable (evidence gate)
Anticipated completion	As stated at the cited item

Observation #84 · Report pp. 212–213 (PDF pp. 324–325)

The auditor observed: *In violation of policy, no vendor quote was located for purchase order 2325337, totaling \$57,600.00, related to services for the Whitney ES Intrusion Upgrade Wiring project dated February 24, 2023, under MSA contract 2023-0381. However, an appropriate vendor invoice supporting the amount paid was available.*

Corrective action	The District acknowledges the observation. Vendor quotes are required by policy for purchases within the quote threshold, and the corrective actions committed under R-11 and R-37 require that quotes be retained with the procurement file and reviewed before purchase-order issuance; under the Facilities Division Action Plan (§2.2 and §3.3) the same documentation standard is enforced on every facilities procurement before payment. Corrective action, responsible position, and anticipated timeline: as stated at R-11, R-37 and R-35.
Responsible	LaQueeya Braxton, Director of Procurement, with Michelle Stuart, Facility Services Officer
Anticipated completion	As stated at the cited item

Observation #87 · Report pp. 214–215 (PDF pp. 326–327)

The auditor observed: Although the appropriate procurement process was used to procure the services from this vendor, Contract Advantage, incorrectly listed certain contracts with this vendor as professional services contracts or consulting contracts. Upon CLA's inquiry, the District representatives communicated that Contract Advantage information was updated to correctly reflect the contracts as non-professional services.

Corrective action	The District acknowledges the observation and notes the audit's conclusion that the appropriate procurement process was used. The classification of the contracts identified as professional services or consulting contracts in Contract Advantage was an entry error; Contracts is correcting the affected Contract Advantage entries, and the standardized contract classifications committed under IC-50 apply consistently across Contract Advantage and APECS to prevent recurrence. Corrective action, responsible position, and anticipated timeline: as stated at IC-50.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions
Anticipated completion	As stated at the cited item

Observation #88 · Report p. 223 (PDF p. 335)

The auditor observed: Services commenced before contract award ("after-the-fact" contracting). The timeline reflects that Allworld began work on Contract 2021- 0708 as early as January 2021, prior to Board approval and before a contract was awarded.

Corrective action	The District acknowledges the observation. Commencing work before contract award is prohibited by Board policy, and the corrective actions committed under R-24 and R-29 address the control weakness: signature and execution dates are validated in Contract Advantage before execution, with confirmation that a contract is fully executed before services commence, and instances of services beginning before award are escalated through Out-of-Compliance letters with supervisory follow-through. Corrective action, responsible position, and anticipated timeline: as stated at R-24 and R-29.
Responsible	LaQueeya Braxton, Director of Procurement, with Denise Brownlee, Contract Administrator, Contracts and Transactions
Anticipated completion	As stated at the cited item

Observation #89 · Report pp. 223–224 (PDF pp. 335–336)

The auditor observed: Procurement files and conflict of interest documentation lacked completeness. The timeline indicates that, in February 2021, Allworld's CEO participated in an RFQ evaluation process (RFQ# 021121GJ) without evidence of a completed confidentiality/conflict of interest disclosure form.

Corrective action	The District acknowledges the observation. The evaluation-committee integrity controls and conflict-of-interest requirements committed under R-48, R-49, R-120 and R-71 address the condition: every evaluation-committee member completes a conflict-of-interest disclosure before evaluating, committee recommendations are preserved in original form in the procurement file, and vendor conflict-of-interest disclosures are collected and screened at each solicitation, so that participation in an evaluation is evidenced by a completed disclosure in the file. Corrective action, responsible position, and anticipated timeline: as stated at R-48, R-49, R-120 and R-71.
Responsible	LaQueeya Braxton, Director of Procurement, with the Office of General Counsel
Anticipated completion	As stated at the cited item

Observation #91 · Report pp. 225–226 (PDF pp. 337–338)

The auditor observed: Award and allocation decisions were not evidently based on established evaluation criteria. In April 2022, procurement correspondence reflected that project management services for the four construction projects within RFP# 03232022MT were initially awarded to another vendor based on best and final offers; however, a subsequent email indicated that one project, the Geeter K-8 addition, would be awarded to Allworld to "accommodate somewhat of an e...

Corrective action	T.C.A. § 49-2-203(a)(3)(C) compliance checkpoint built into every construction and construction-PM procurement (written RFP with advertisement per project; max three sites per RFP) before any vendor engagement — reported COMPLETE (Facilities Action Plan §2.7). Award decisions must tie to documented evaluation criteria per the evaluation-committee controls in R-48/R-49.
Responsible	LaQueeya Braxton, Director of Procurement with General Counsel; Facilities leadership
Anticipated completion	As stated at the cited item

Observation #99 · Report pp. 233–236 (PDF pp. 345–348)

The auditor observed: Invoice payment issues (closed PO, post-term charges, and disallowed costs) were identified. The timeline reflects multiple payment concerns under the three Allworld contracts: 2021-0708: CLA reviewed the invoices associated with contract 2021-0708 and made the following observations: • The PO associated with the contract (PO #2122073) closed in December 2021, yet an invoice of \$43,583.14 was paid in April 2022, despite the PO being closed. • A f...

Corrective action	The District acknowledges the observation. Payments against closed purchase orders, charges after a contract term, and disallowed costs are addressed by the corrective actions committed under R-28 and R-39: automated 90-, 60- and
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	30-day contract expiration alerts with an executed amendment required before any work continues past a term date, and no payment processed without complete procurement support reconciling the invoice to an open purchase order and a contract in term. Accounts Payable's invoice review controls at IC-69 through IC-71 apply to every payment. Corrective action, responsible position, and anticipated timeline: as stated at R-28, R-39 and IC-69.
Responsible	LaQueeya Braxton, Director of Procurement, with Paula Young, Manager of Accounts Payable
Anticipated completion	As stated at the cited item

Observation #100 · Report p. 242 (PDF p. 354)

The auditor observed: *The District did not consistently prepare or retain required documentation supporting the procurement process for an architectural contract. Contract 2023-0676, \$158,578.23 Contract was procured as a proposal under the professional services classification, which is permissible for architectural contracts.*

Corrective action	The District acknowledges the observation. Documentation supporting the procurement process for professional services, including architectural services, is standardized and retained under the corrective actions committed under R-11, R-37 and R-24: the procurement method is recorded and supported at requisition, quotes, proposals and evaluation records are retained in the procurement file, and the Procurement Authorization Form is enforced at the Procurement–Contracts checkpoints so that a contract does not proceed without its supporting documentation retrievable. Corrective action, responsible position, and anticipated timeline: as stated at R-11, R-37 and R-24.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

Observation #101 · Report pp. 242–243 (PDF pp. 354–355)

The auditor observed: *The District made payments for services performed after contract expiration due to a failure to execute timely amendments extending the contract terms. Contract 2023-0766, \$11,757.20 The contract was procured as a proposal for professional services related to the design of a roof replacement for Robert R.*

Corrective action	The District acknowledges the observation. Payments for services after contract expiration are prevented by the corrective action committed under R-28: automated 90-, 60- and 30-day expiration alerts on all contracts, with an executed amendment required before any work continues past a term date and payment withheld where no amendment is in place. Corrective action, responsible position, and anticipated timeline: as stated at R-28.
Responsible	LaQueeya Braxton, Director of Procurement, with Michelle Stuart, Facility Services Officer
Anticipated completion	As stated at the cited item

Observation #107 · Report p. 251 (PDF p. 363)

The auditor observed: *MSCS did not maintain a Centralized Documentation Management System and demonstrated inconsistent record retention practices. The Nutrition Department utilizes multiple systems for supporting document storage, including Contract Advantage, APECS, and the Procurement Drive.*

Corrective action	The District agrees. The absence of a centralized documentation management system and inconsistent record retention are addressed by Recommendation 11, with the nutrition-specific elements at Recommendation 63. No separate corrective action is proposed.
Responsible	Denise Brownlee, Contract Administrator, Contracts and Transactions
Anticipated completion	As stated at the cited item

Observation #113 · Report p. 259 (PDF p. 371)

The auditor observed: *Errors in entries were identified with no subsequent corrections. CLA identified erroneous journal entries in five sampled journal entries, totaling \$11,387.32, none of which were subsequently corrected.*

Corrective action	The District acknowledges the observation. The five entries identified, totaling \$11,387.32, were not corrected because the fiscal year had closed and the errors identified are immaterial to the general fund; restatement of the financial statements is therefore not required. Prospectively, the journal-entry standards committed under R-2 (written justification captured in APECS with second-person approval) address entry quality, and the District will apply a documented correction process requiring identified errors to be corrected within a stated period, with the correcting entry cross-referenced to the original.
Responsible	Leslie Knighten, Controller, Accounting & Reporting
Anticipated completion	As stated at the cited item

Observation #168 · Report pp. 325–326 (PDF pp. 437–438)

The auditor observed: *Memphis is a tight knit community where many individuals working within MSCS and the local vendor community are likely to know one another through prior employment, professional networks, civic involvement, or long standing personal relationships. MSCS conflict of interest policies focus on financial interests, decision making authority, and the potential for improper influence, rather than on mere personal or professional acquaintance.*

Corrective action	The District acknowledges the observation. Relationships between District personnel and the local vendor community are addressed through disclosure rather than assumed absence: the conflict-of-interest framework committed under the Board Corrective Action Plan requires disclosure by evaluators and vendors at each procurement, screening against related-party data, and documentation of the basis for award, so that a known relationship is disclosed and managed rather than undetected. Corrective action, responsible position, and anticipated timeline: as stated at R-120, R-71, R-48 and R-49.
Responsible	LaQueeya Braxton, Director of Procurement, with the Office of General Counsel
Anticipated completion	As stated at the cited item

Observation #173 · Report pp. 333–334 (PDF pp. 445–446)

The auditor observed: *Email communications indicate that the Board Chair directly contacted a public relations vendor, Kingdon Quality (KQ) Communications. On July 7, 2022, the Board Chair forwarded an email to general counsel and a member of management that included a link to a proposal/contract, stating, “I need to retain a PR firm and have reached out to KQ Communications.*

Corrective action	The District acknowledges the observation. Direct contact between a Board Member and a vendor during or adjacent to a procurement is addressed through the governance corrective actions the Board has adopted: Board Member training on roles and responsibilities, limits of authority, and Board–staff communication protocols (R-124); the Board Operating Procedure governing the routing of substantive Board communications, which directs matters concerning District business to the Superintendent and the appropriate formal meeting structure rather than to outside parties (R-130); and the vendor-communication restrictions during active solicitations committed under the Procurement corrective actions. The Office of General Counsel advises the Board on contacts of this kind. Corrective action, responsible position, and anticipated timeline: as stated at R-124 and R-130.
Responsible	Yolanda Timberlake, Manager of Executive Services (Board Office), with the Office of General Counsel
Anticipated completion	As stated at the cited item

Observation #174 · Report p. 334 (PDF p. 446)

The auditor observed: *Review of the vendor master file identified that vendor number 919786 was associated with three separate name variations: “KQ Communication,” “KQ Communications,” and “Kingdom Quality Communications.” The use of inconsistent vendor naming conventions within the system creates a risk of duplicate or fragmented vendor records, which may impair accurate tracking, reporting, and aggregation of vendor activity. In addition, such inconsistencies may hi...*

Corrective action	The corrective actions committed under R-117, R-118, R-119 and R-122 address the condition: a comprehensive review of the master vendor listing to identify and consolidate duplicate vendor records and name variants, discontinuation of status indicators embedded in vendor names, periodic review of the vendor master file, and a documented vendor-setup and change process. Vendor number 919786, carried under three name variants, is the kind of record the consolidation review identifies and corrects. Corrective action, responsible position, and anticipated timeline: as stated at R-117 through R-122.
Responsible	LaQueeya Braxton, Director of Procurement
Anticipated completion	As stated at the cited item

Volume III — Whitehaven High School

Each observation is stated with the District's response, followed by the recommendation arising from it and the District's response to that recommendation.

WH-1 — Recommendation · Report p. 11 (PDF p. 595)

This recommendation also arises from: Observation #1 (stated at R-1).

The auditor recommended: For any future projects that the District may authorize through the use of a public-private partnership, it is recommended that a formal written agreement be established and approved by the Board. The terms of the agreement should clearly delineate the District's and the nonprofit's responsibilities.

Position	Agree
Corrective action	Per Facilities PM Team Action Plan §2.5, the District has adopted a standard operating procedure governing facility-related donation projects: donations above the policy-established Board threshold require a Board-approved MOU between the District and the donating party, plus contracts between the District and the construction company and/or architect/engineering firms — ensuring compliance with procurement policy and state law, protection of District assets, legal documentation, financial transparency, project oversight, and documentation of donated assets.
Responsible	Michelle Stuart, Facility Services Officer, with Chris Lafoy, Director of Construction
Anticipated completion	Completed — no anticipated completion date

WH-2 — Recommendation · Report p. 20 (PDF p. 604)

This recommendation also arises from: Observation #2 (stated at R-2).

The auditor recommended: To avoid similar concerns in future projects, the District should establish and enforce a formal stakeholder communication protocol for capital projects funded through a combination of public and private sources to improve transparency, ensure appropriate stakeholder involvement, and reduce the risk of misunderstandings regarding project scope and approvals.

Position	Agree with edits
Corrective action	District buildings and property are owned by the Shelby County Board of Education. Facility construction, renovation, and maintenance functions are managed centrally by the District's Facilities team rather than being individually owned or directed by school-level stakeholders, including principals, teachers, or community members. Facility-related donations are made to the Shelby County Board of Education. As part of developing the scope of a donated project, the District's Facilities team will seek input from school-level personnel regarding programmatic needs, priorities, and desired improvements, and will incorporate that input into the project scope when feasible and appropriate. Final decisions regarding project scope, design, materials, and improvements will be made by the District's Facilities team, balancing the school's needs and preferences with available funding, the terms and limitations of the donation, applicable local and state laws, building codes and regulations, district design standards, operational requirements, long-term maintenance considerations, and overall district priorities. School-level stakeholders will be notified at defined project milestones — scope changes, design changes, and schedule movement — with Communications delivering the notice and the project manager responsible for identifying trigger events; project status is also reported through the capital portfolio dashboard.
Responsible	Michelle Stuart, Facility Services Officer, with Terrica Cleaborn-Thornton, Chief of Communications, Office of Communications
Anticipated completion	June 30, 2027

WH-3 — Recommendation · Report p. 34 (PDF p. 618)

This recommendation also arises from: Observation #3 (stated at R-2); Observation #4 (stated at R-4).

The auditor recommended: SchoolSeed should implement formal reconciliation and documentation procedures to ensure that all donation information presented to the Board, reflected in donor recognition materials, and recorded in the general ledger is complete, accurate, and consistently supported. This should include (1) timely reconciliation of the general ledger to Board communications and donor recognition records, (2) documented review and approval of adjustments to donation records, and (3) retention of supporting documentation for all recognized contributions, including explanations for non monetary recognition.

Position	Agree in part
Corrective action	SchoolSeed is a separate fiscal agent. The funds are privately donated and the District holds no ownership interest. The District cannot commit or control SchoolSeed's internal governance or records. The recommendation asks SchoolSeed to implement reconciliation and documentation procedures over donation information; the District cannot perform SchoolSeed's reconciliations. On the District's side, donation information presented to the Board is verified with the responsible department and, where necessary, the Office of General Counsel before posting, and Board materials identify whether funds are administered by the District or held by a third party on its behalf, naming the entity and the amount (WH-8). For future donated facility projects, a Board-approved memorandum of understanding is required under the standard operating procedure adopted July 1, 2026 (WH-1), which will set the reconciliation and reporting obligations of any third-party fiscal agent.

Responsible	SchoolSeed, Justin Bailey (written agreement), General Counsel, with Yolanda Timberlake, Manager of Executive Services (Board materials) and Michelle Stuart, Facility Services Officer (donation SOP)
Anticipated completion	March 12, 2027

WH-4 — Recommendation · Report pp. 34–35 (PDF pp. 618–619)

This recommendation also arises from: *Observation #5 (stated at R-3).*

The auditor recommended: *In the event that a similar project is undertaken in the future, clear guidelines governing donor recognition practices to ensure alignment between recognition categories and the nature of contributions received should be in place. Specifically, donor recognition materials should clearly distinguish between monetary and non monetary contributions, and non cash contributors should not be presented within dollar designated donation tiers unless the value represents a verifiable cash contribution recorded in the general ledger. Where recognition of non monetary support is desired, alternative acknowledgment methods (e.g., a separate recognition category or descriptive notation) should be used to reduce the risk of misinterpretation. In addition, donor recognition listings should be reviewed and reconciled to supporting records prior to publication or display to ensure accuracy and consistency.*

Position	Agree
Corrective action	Should a similar donor-supported project be undertaken in future, the District will establish written guidelines for donor recognition before recognition materials are produced, distinguishing clearly between monetary and non-monetary contributions and presenting in-kind contributors separately from dollar-denominated recognition categories, with the basis for each recognition category documented and retained. The guidelines will form part of the memorandum of understanding required for donated facility projects under the standard operating procedure adopted July 1, 2026 (WH-1).
Responsible	SchoolSeed, Justin Bailey, General Counsel (written agreement), with Michelle Stuart, Facility Services Officer and Terrica Cleaborn-Thornton, Chief of Communications, Office of Communications
Anticipated completion	March 12, 2027

Observation #6 · Report p. 42 (PDF p. 154)

The auditor observed: *There was insufficient documentation attached to the transactions in APECS to clearly demonstrate the purpose and alignment with ESSER.*

Corrective action	The District acknowledges the observation and notes that the audit found all transactions tested to be compliant with ESSER requirements. Documentation demonstrating purpose and alignment with the federal award is retained by Federal Programs in the school-level Title I Crate and in the grant file, and is available for review; the corrective actions committed under IC-88, IC-90, IC-91 and IC-92 strengthen the completeness and retention of that documentation so that the purpose of each federally funded transaction is evidenced with the transaction record. Corrective action, responsible position, and anticipated timeline: as stated at IC-88 through IC-92.
Responsible	Derrick Morris, Director II — Federal Programs and Operations, with Paula Young, Manager of Accounts Payable (attachment in APECS)
Anticipated completion	As stated at the cited item

WH-5 — Recommendation · Report p. 35 (PDF p. 619)

The auditor recommended: *The District should reinforce accounts payable procedures to ensure that personnel are knowledgeable of, and consistently comply with, all documentation requirements established by Board approved resolutions prior to processing payments. Specifically, accounts payable staff should be required to verify the receipt and review of executed contracts, invoices, and other supporting documentation as a condition of payment authorization. In addition, the District should consider implementing standardized checklists, training, or supervisory review controls to confirm that payments are made only after all required documentation has been obtained and validated in accordance with governing resolutions and applicable policies.*

Position	Agree
Corrective action	Reinforce accounts payable procedures so staff are knowledgeable of and consistently comply with documentation requirements established by Board-approved resolutions before processing payment: require AP staff to verify receipt and review of executed contracts, invoices and other supporting documentation as a condition of payment authorization, and implement standardized checklists, training or supervisory review to confirm payment is made only after required documentation is obtained and validated.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer, with Marc Edinbugh, Director of School Compliance; Paula Young, Manager of Accounts Payable, consulted
Anticipated completion	March 12, 2027

WH-6 — Recommendation · Report p. 40 (PDF p. 624)

This recommendation also arises from: *Observation #8 (stated at R-5).*

The auditor recommended: *The District should establish and enforce formal procedures governing the handling, transfer, and disposition of equipment purchased with grant funds. These procedures require appropriate District review and approval prior to any sale or transfer of grant funded items, ensure compliance with applicable federal grant requirements, and mandate clear communication with school leadership and the District regarding any related transactions.*

Position	Agree
Corrective action	Existing controls govern the handling, transfer and disposition of grant-funded equipment: Federal Programs allocates grant funds to schools for instructional equipment and supplies; the Budget Center Manager (principal, manager, director, officer) is responsible for compliance with grant guidelines when ordering and for reporting newly purchased equipment to Asset Management via the Asset Disposition Form; Asset Management reviews and verifies documentation (returning it for correction where signatures or information are missing or incomplete); upon approval an MSCS Asset Tag number is assigned, with a Federal Grant label identifying the funding grant on federally-purchased equipment; the equipment is added to the inventory database including the Federal Award Identification Number (FAIN) and tracked from acquisition to retirement; transfers and disposals of federally-funded equipment require department head approval, per the Inventory Management Procedures Manual (pp. 5–6 and 16–18; reporting of new trackable equipment and all dispositions pp. 4–11; disposal pp. 14–15); Asset Management provides a Declaration Authorization for Disposal with an itemized list to the Superintendent and Chief of Business Operations for items sold at public auction or recycled as obsolete technology via a contracted recycler. As to Whitehaven specifically, Asset Management received no input, communication or purchase orders regarding equipment purchased for or moved from the Whitehaven STEM building, and was aware only of the construction. On review of the purchase orders, the equipment purchased for the Whitehaven STEM building was acquired with general funds rather than grant funds, so the federal grant requirements this recommendation addresses did not apply to those items; the District's general asset-management procedures did apply, and the gap was that Asset Management was not notified. The District further commits that the Major Construction department should develop processes and procedures for reporting new purchases to Asset Management as required by SBOE Policy 3013, the Inventory Procedures Manual, and Public Auction Procedures. The federal equipment-management standard applied is 2 CFR 200.313.
Responsible	LaTanya "Tammy" Bradford, Director of Asset Management, with Derrick Morris, Director II — Federal Programs and Operations
Anticipated completion	June 30, 2027

WH-7 — Recommendation · Report p. 40 (PDF p. 624)

This recommendation also arises from: *Observation #8 (stated at R-5).*

The auditor recommended: *The District should provide periodic training to teachers and other staff responsible for managing grant-funded laboratory or classroom equipment on grant compliance requirements, inventory tracking, disposition procedures, and required approvals. Such training should emphasize that grant funded equipment remains subject to federal and District controls regardless of location or end use.*

Position	Agree
Corrective action	The District will provide periodic training to teachers and other staff responsible for managing grant-funded laboratory or classroom equipment, covering grant compliance requirements, inventory tracking, disposition procedures and required approvals, and emphasizing that grant-funded equipment remains subject to federal and District controls regardless of its location or end use. Record attendance and schedule refresher training.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer, with Marc Edinbough, Director of School Compliance
Anticipated completion	December 18, 2026

WH-8 — Recommendation · Report p. 40 (PDF p. 624)

This recommendation also arises from: *Observation #8 (stated at R-5).*

The auditor recommended: *It is recommended that the Board strengthen its grant acceptance and documentation processes to ensure clarity, transparency, and compliance with applicable regulations. Specifically, Board materials should clearly distinguish between funds that are directly received and administered by the District and those that are retained and managed by third-party entities on the District's behalf.*

Position	Agree
Corrective action	The Board Office will coordinate with the appropriate District department and, when necessary, the Office of General Counsel to resolve any discrepancies regarding grant funds prior to posting. This review will ensure that Board materials accurately identify who receives and administers the funds and maintain clear and accurate documentation. Verification of grant amounts and the substance of grant information rests with the Research, Evaluation, Accountability, and Data Strategy (R.E.A.D.S.) and the Department of Finance; the Board Office's role is to verify with those departments that the amount and administering entity stated in Board materials are correct before posting. Where donated funds are held by a third party on the District's behalf, they are identified as such in Board materials, consistent with the characterization of the Whitehaven donated balance at WH-9. The Board Office is establishing an online tracking system in Microsoft Power Apps through which grant information and supporting documents are submitted, tracked and retained in one place; this is a new control for the Board Office rather than the documentation of an existing one.

Responsible	Yolanda Timberlake, Manager of Executive Services (Board Office) — with the Research, Evaluation, Accountability, and Data Strategy (R.E.A.D.S.) and the Department of Finance (verification of amounts)
Anticipated completion	December 18, 2026

WH-9 — Recommendation · Report pp. 43–44 (PDF pp. 627–628)

This recommendation also arises from: *Observation #9 (stated at R-5); Observation #10 (stated at R-5).*

The auditor recommended: *The District should consider formalizing governance and communication protocols for externally held project funds by requiring a written memorandum of understanding (MOU) with SchoolSeed and Whitehaven STEM Building, Inc. that (1) identifies the current fund balance and authorized purpose(s), (2) establishes a documented request and disbursement process, and (3) designates District points of contact for oversight and dispute escalation. These steps will improve transparency and reduce the risk of misunderstanding regarding the control and use of funds held for the benefit of the Herbert STEM Center and program. MSCS communicated to CLA that an MOU between MSCS and Whitehaven STEM Building Inc. is currently being negotiated with Mr. Myers and that an MOU has been drafted between MSCS and SchoolSeed.*

Position	Agree
Corrective action	(a) Change in status since the audit fieldwork: the MOU with Whitehaven STEM Building, Inc. will not be executed — following completion of the building, Mr. Myers declined to enter one; the drafted MOU with SchoolSeed for the remaining portion of the STEM building donation is likewise not proceeding, the school and Mr. Myers being at odds over the academic programming concepts the remaining funds would support. (b) Characterization of the externally held balance: the WH-9 fund balance consists solely of privately donated funds in which the District has no ownership interest. Release of the funds is conditioned upon the District's future implementation of certain instructional programming demanded by the donor(s). The District sought the recommended memoranda of understanding — outreach to Mr. Myers is documented — and the counterparties declined or conditioned participation; the District cannot compel an agreement over funds it does not own, and respects the donor's direction of the balance. (c) Forward control, existing: an MOU is required for all future public/private partnerships, developed with Finance and Legal input on funding and fund allocation; an MOU for the District's venture with xAI was authorized by the Board on July 29, 2025 and fully executed on September 23, 2025 — predating this corrective action plan entirely — demonstrating the control in operation rather than promised in response to the audit. Facilities' supporting role (documented facility and equipment needs, Facilities Action Plan \$2.5) continues for any future partnership. The requirement for a Board-approved memorandum of understanding on future donated facility projects is established in the standard operating procedure adopted July 1, 2026 and described at WH-1.
Responsible	Michelle Stuart, Facility Services Officer; Board Office (status calendaring)
Anticipated completion	October 9, 2026

WH-10 — Recommendation · Report p. 47 (PDF p. 631)

This recommendation also arises from: *Observation #11 (stated at R-6).*

The auditor recommended: *CLA recommends that the District, in coordination with Whitehaven High School administration, develop a formal plan to address remaining functional issues, including assigned responsibilities and target completion dates, and establish a timeline for when the Herbert STEM Center is expected to be placed into instructional use.*

Position	Agree
Corrective action	The Herbert STEM Center is complete and all facility systems necessary for operation are in place, including intercoms, IT infrastructure, cabling, laboratory gas shut-off valves, and security systems. The furniture identified as outstanding during the audit was delivered and installed as scheduled. Additional ordered items continue to be delivered and installed. Whitehaven High School administration has elected to begin instruction in the building once all outstanding orders have been delivered and installed. The school's existing facilities support the full instructional program, and students continue to receive instruction in those spaces without interruption or loss of instructional time; school leadership has therefore scheduled the transition to the Herbert STEM Center for completion of the fit-out rather than phasing students into a partially equipped building. The building is available for instructional use; the timing of that use is an instructional scheduling decision made by the school. The school has requested a fire alarm connection to the main building, and Facilities will install the requested connection. Facility Services tracks the remaining deliveries to completion and reports delivery status to Whitehaven High School administration, which will confirm the instructional start date in coordination with Facility Services. There are no outstanding facility-related items that create a facility operational limitation or otherwise prevent the Herbert STEM Center from being used for its intended purpose.
Responsible	Michelle Stuart, Facility Services Officer
Anticipated completion	December 18, 2026

WH-11 — Recommendation · Report pp. 47–48 (PDF pp. 631–632)

This recommendation also arises from: *Observation #11 (stated at R-6); Observation #12 (stated at R-6).*

The auditor recommended: *Building on Recommendation #8 and Recommendation #9, CLA recommends that the District, in coordination with Whitehaven High School administration, determine which furniture, fixtures, and equipment the District is able to provide and which items must be*

provided by Whitehaven STEM Building, Inc. Instruction cannot reasonably commence in a partially or unfurnished and unequipped building, particularly given that approximately 9% of total funds raised (\$880,171.37) remains unused, including \$250,000 designated for this purpose in the Case for Support shared with donors. On May 26, 2026, the Board approved the purchase of furniture with MSCS funding to ensure the building is fully operational by the beginning of the 2026-27 academic year. An MOU is currently being negotiated with Mr. Myers (Whitehaven STEM Building Inc.), which will address the use of the remaining funds.

Position	Agree with edits
Corrective action	The MSCS Board approved the purchase of teacher, student, and office furniture in the amount of \$302,371.94 at the May 26, 2026 Board business meeting. The Facilities, IT, and Security teams provided additional IT access points and switches, cabling, intercom equipment, security equipment, electrical outlets, and technology equipment. The District has provided the furniture, fixtures, and equipment necessary for instructional use from District funds; no allocation of FF&E responsibility to Whitehaven STEM Building, Inc. has been established. The Herbert STEM Center is operational and available for instruction.
Responsible	Michelle Stuart, Facility Services Officer
Anticipated completion	Completed — no anticipated completion date

WH-12 — Recommendation · Report pp. 50–53 (PDF pp. 634–637)

This recommendation also arises from: Observation #13 (stated at R-7).

The auditor recommended: Consistent with the governance and communication framework described in Recommendation #8, the District should consider documenting, at a high level, its understanding of any prospective or conceptual programmatic uses of the Herbert STEM Center that are presented by Whitehaven STEM Building, Inc. Such documentation could serve as a shared reference to align expectations among the District, SchoolSeed, Whitehaven STEM Building, Inc., and supporting organizations, and would help ensure that proposed initiatives are clearly distinguished from District approved programs prior to implementation. These steps would support transparency and coordination while preserving flexibility for future collaboration. As mentioned, MSCS is currently negotiating an MOU with Mr. Myers that will address the use of the remaining funds and the possibility of a Saturday school. 7. Conclusion The observations identified through this engagement highlight a series of governance, documentation, communication, and oversight issues associated with the fundraising, construction, and transition to operational use of the Whitehaven High School Herbert STEM Center. While the project was completed and no unsupported construction expenditures were identified, weaknesses in formal agreements, role clarity, and communication among stakeholders contributed to uncertainty and stakeholder concern. At the outset, the absence of a written agreement between the District and Whitehaven STEM Building, Inc. resulted in unclear expectations regarding project scope, building size, fundraising structure, and financial accountability. As the project progressed, reductions in building size and design changes were communicated informally, and opportunities for review and approval by the Whitehaven High School Administration and the Whitehaven Empowerment Zone Leadership Council were unclear, contributing to confusion within the Whitehaven High School community. From a financial perspective, total funds raised (\$9,936,666.75) exceeded total expenditures (\$9,056,495.38), and the expenditures were appropriate, supported, and directly related to the project. Accounting records maintained by SchoolSeed were largely reconcilable to reported information, and identified errors were corrected following CLA's inquiry. However, donor recognition practices did not consistently distinguish between monetary and non monetary contributions, creating a risk of misinterpretation. The engagement also identified gaps in communication regarding remaining funds (\$880,171.37), future equipment purchases, maintenance funding, and the anticipated instructional use of the facility. These issues appear to have contributed to diminished trust among project stakeholders and delayed the building's full operational use. Overall, the observations underscore the importance of formal documentation, transparent communication, and consistent adherence to Board approved requirements when projects involve public funding, private donations, and nonprofit intermediaries. MSCS leadership communicated to CLA, after CLA's interim report was issued, that an MOU governing the Whitehaven STEM building and the remaining funds held by Whitehaven STEM Inc. is currently being negotiated. MSCS leadership communicated that the Herbert STEM Center will be ready for instructional use at the beginning of the 2026–27 academic year. The Chief of Facilities is personally overseeing the installation of the intercom system and coordinating efforts with the IT, Security, and Facilities departments. Key priorities include the fire alarm system and technology procurement, including computers and Promethean boards. Security systems such as cameras, badge readers, and metal detectors will be installed in accordance with District standards to ensure the building is fully operational by the start of the 2026–27 academic year. Additionally, on May 26, 2026, the Board approved the purchase of furniture as part of ongoing efforts to ensure the facility is fully operational for instructional use by the beginning of the 2026–27 academic year.

Position	Agree
Corrective action	The District's committed STEM program plan for the Herbert STEM Center — curriculum, staffing, student assignment, and community-partner programming consistent with the governing memoranda of understanding — constitutes the high-level documentation of prospective programmatic uses this recommendation asks for. The plan is coordinated with Facility Services' readiness schedule so that academic activation and building readiness converge for the 2026–27 opening, and its status is reported through the Board's recurring report on the Whitehaven project. The plan serves as the shared reference among the District, SchoolSeed, Whitehaven STEM Building, Inc. and supporting organizations that the recommendation describes.
Responsible	Dr. Angela Whitelaw, Chief Academic Officer
Anticipated completion	March 12, 2027

Volume IV — TennCare / School-Based Medicaid

Each observation is stated with the District's response, followed by the recommendation arising from it and the District's response to that recommendation.

TC-1 — Recommendation · Report p. 7 (PDF p. 647)

This recommendation also arises from: Observation #4 (stated at R-4); Observation #5 (stated at R-3).

The auditor recommended: Re-review every failed paid claim to determine whether repayment, void, or corrected claim activity is required.

Position	Agree
Corrective action	Per Exceptional Education Action Plan (7/9/2026) §2.1: work the failed-claim inventory item by item — for each failed paid claim determine whether repayment, void, or corrected-claim submission is required under TennCare rules; document determination and disposition per claim; coordinate refunds with Finance and payers; assess with counsel whether the 45.6% sample failure rate obligates a broader self-review or disclosure across the \$1.5M population. PCG re-review began 7/10/2026 with results to be communicated to the District within 30 days.
Responsible	Charlotte Vann, Advisor — Medicaid Reimbursement Program, Exceptional Children and Health Services; Dr. Tiffany Luckett, Executive Director of Exceptional Children and Health Services (division accountability). Exceptional Education Advisor (Medicaid Reimbursement) with billing staff; PCG (claim re-review); Finance (refund mechanics); Justin Bailey, General Counsel (disclosure posture)
Anticipated completion	October 9, 2026

TC-2 — Recommendation · Report p. 7 (PDF p. 647)

This recommendation also arises from: Observation #5 (stated at R-3).

The auditor recommended: Implement a hard-stop or “QA check” for start/stop time or total-time documentation on time-based CPT codes before billing.

Position	Partially Agree
Corrective action	Per Exceptional Education Action Plan (7/9/2026) §2.2 and PCG response: validate the existing TnPulse duration requirement as the hard-stop control (system configuration screenshots retained as evidence); PCG to review units-of-billing configuration by procedure code as part of the failed-claim re-review; ensure future audit/documentation requests use TnPulse extracts that include duration of service.
Responsible	Charlotte Vann, Advisor — Medicaid Reimbursement Program, Exceptional Children and Health Services; Dr. Tiffany Luckett, Executive Director of Exceptional Children and Health Services (division accountability). Medicaid Reimbursement team (gate validation); PCG (system configuration and unit review); OT/PT clinical leads (point-of-service documentation)
Anticipated completion	October 9, 2026

TC-3 — Recommendation · Report p. 7 (PDF p. 647)

This recommendation also arises from: Observation #5 (stated at R-3).

The auditor recommended: Validate signatures and consent documentation before billing.

Position	Agree
Corrective action	Per Exceptional Education Action Plan (7/9/2026) §§2.3, 3.4: pre-billing validation that the IEP/IHP supporting each billed service carries all required signatures and that a current parental consent is on file, with claims held until cured; remediate the identified signature and consent gaps at the document level. SY26-27 program controls: monthly finalized-IEP spot-check report to Regional Managers; all IEP-related documents uploaded within 24–48 hours of the IEP meeting; regular monitoring with data-driven refinement. PCG validates service logs against the parental-consent event in TnPulse; a revised Medicaid parental-consent retrieval process will be available to all providers before the start of SY26-27; PCG recommends TennCare clarification on record retention (Billing Manual p. 21).
Responsible	Charlotte Vann, Advisor — Medicaid Reimbursement Program, Exceptional Children and Health Services; Dr. Tiffany Luckett, Executive Director of Exceptional Children and Health Services (division accountability). Exceptional Education compliance staff (IEP/IHP completeness); school-based IEP teams (signatures); Medicaid Reimbursement team (billing hold); PCG (consent validation)
Anticipated completion	October 9, 2026

TC-4 — Recommendation · Report p. 7 (PDF p. 647)

This recommendation also arises from: Observation #4 (stated at R-4); Observation #5 (stated at R-3).

The auditor recommended: Verify licensure/enrollment alignment for providers flagged with licensure concerns and resolve any roster or payer-linking gaps.

Position	Partially Agree
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Corrective action	Per Exceptional Education Action Plan (7/9/2026) §2.4: verify licensure and payer enrollment for every billed provider, resolving any providers identified in the audit and any roster or payer-linking gaps; establish a provider roster reconciled to TN Compass/licensing-board records and payer enrollment files; route lapses through HR licensure monitoring and SBE reporting; request from CLA/Comptroller the basis for the licensure flags to enable targeted resolution.
Responsible	Charlotte Vann, Advisor — Medicaid Reimbursement Program, Exceptional Children and Health Services; Dr. Tiffany Lockett, Executive Director of Exceptional Children and Health Services (division accountability.) Medicaid Reimbursement team (roster, enrollment); PCG (credentialing); HR (licensure feed)
Anticipated completion	October 9, 2026

TC-5 — Recommendation · Report p. 7 (PDF p. 647)

This recommendation also arises from: *Observation #6 (stated at WH-5).*

The auditor recommended: *Perform focused retraining for OT/PT staff and billers on time-based CPT documentation and unit calculation.*

Position	Agree
Corrective action	Per Exceptional Education Action Plan (7/9/2026) §§3.1, 4.3: targeted retraining for OT/PT staff and billing personnel on time-based CPT documentation, unit calculation, and encounter-note completeness with competency sign-off; annual and onboarding refresher cycles; lighter-touch module for speech/language providers. Annual training for all related-service providers held July 30, 2026 with required attendance sign-off; recurrent training twice annually (summer and January); PCG quick-reference guides and on-demand training videos available.
Responsible	Charlotte Vann, Advisor — Medicaid Reimbursement Program, Exceptional Children and Health Services; Dr. Tiffany Lockett, Executive Director of Exceptional Children and Health Services (division accountability). Exceptional Education clinical leadership (curriculum); Medicaid Reimbursement team (billing modules); PCG (annual documentation training)
Anticipated completion	March 12, 2027

TC-6 — Recommendation · Report p. 7 (PDF p. 647)

This recommendation also arises from: *Observation #5 (stated at R-3).*

The auditor recommended: *Build an exception dashboard to monitor missing time, missing signatures, consent gaps, and unit mismatches prospectively.*

Position	Partially Agree
Corrective action	Per Exceptional Education Action Plan (7/9/2026) §3.2: operate the exception dashboard prospectively — missing time documentation, missing IEP/IHP signatures, consent gaps, unit mismatches — with monthly review by division leadership, exception aging, root-cause routing (provider, school, biller), and published pass-rate trends by service line against a defined target (≥95% clean-claim rate). Standing monthly vendor-management meeting (second Tuesday) covers revenue, review results, eligibility, credentialing, and licensing.
Responsible	Charlotte Vann, Advisor — Medicaid Reimbursement Program, Exceptional Children and Health Services; Dr. Tiffany Lockett, Executive Director of Exceptional Children and Health Services (division accountability). Medicaid Reimbursement team (dashboard operation); Exceptional Education leadership (monthly review); PCG (exception reporting)
Anticipated completion	March 12, 2027

TC-7 — Recommendation · Report p. 7 (PDF p. 647)

This recommendation also arises from: *Observation #4 (stated at R-4); Observation #5 (stated at R-3).*

The auditor recommended: *Document management response, ownership, due dates, and validation testing for each corrective action.*

Position	Agree
Corrective action	Per Exceptional Education Action Plan (7/9/2026) §§3.3, 4.1, 4.4: document management response, named owner, due date, and validation testing for every corrective action (e.g., a claim re-sample after the hard-stop gate is validated), feeding the division tracker and the Board's 60-day report-back; institutionalize standing internal QA sampling using the CLA workbook (monthly/quarterly random claim re-performance), with error-rate thresholds triggering retraining and annual summary to the division chief and CFO; Exceptional Education Data Specialist to begin providing Regional Managers finalized-IEP reports for random-sample testing in August 2026; quarterly KPIs (clean-claim rate by service line, exception counts, failed-claim disposition status, repayment/void amounts, consent coverage, roster currency, revenue trend).
Responsible	Charlotte Vann, Advisor — Medicaid Reimbursement Program, Exceptional Children and Health Services; Dr. Tiffany Lockett, Executive Director of Exceptional Children and Health Services (division accountability). Division chief (accountability and reporting); Medicaid Reimbursement team (validation testing and data); Internal Audit (independent re-performance and closure validation)
Anticipated completion	March 12, 2027

