

# **FINANCIAL REVIEW UPDATE**

**Georgia Department of Education  
Risk Assessment and Open Forum**

**GASBO**

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**Augusta, Georgia**



Dr. John D. Barge, State School Superintendent  
"Making Education Work for All Georgians"  
[www.gadoe.org](http://www.gadoe.org)

# Risk Assessment of School Systems

- In order to better assist school systems, the Department is utilizing “Risk Assessments” to classify school systems so that resources can be targeted instead of using a shotgun approach
- The goal is to identify districts that are having difficulties early so that their problems don’t have a chance to grow



# Risk Assessment of School Systems

- Both financial and programmatic assessments are being designed and implemented
- Title I was the first federal program to use this information and now most if not all programs are using it



# Risk Assessment of School Systems

- Elements of the Financial Risk Assessment
  - Audit Report Information
    - Number of Financial Statement Findings
    - Number of Federal Award Findings
    - Number of Management Letter Findings
    - Auditors Opinion
    - Low Risk Auditee
    - Deficit
    - Irregularity (20-2-67)
    - Internal Control Over Financial Reporting Material Weakness
    - Internal Control Over Federal Programs Material Weakness



# Risk Assessment of School Systems

- Elements of the Financial Risk Assessment
  - DE46 Information
    - General Fund Deficit
    - Capital Projects Deficit
    - School Nutrition Program Deficit
    - If in deficit, approved Deficit Elimination Plan
    - Has General Fund been in Deficit > 2 years
    - DE46 submitted timely



# Risk Assessment of School Systems

- Elements of the Financial Risk Assessment
  - Other Information
    - New Financial Officer < 1 year
    - New Superintendent < 1 year
    - Change in FTE more than 5% (+/-)
    - New Accounting Software
    - Percent of Federal Funds Drawn down as of end of Fiscal Year (June)
    - Other Significant Items as they occur



# Risk Assessment of School Systems

- Factors are not weighted evenly.
- Some carry more weight
- The heaviest weight is for systems in Deficit



# Risk Assessment of School Systems

- Systems are ranked
  - High Risk
  - Medium Risk
  - Low Risk



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# Risk Assessment of School Systems

- Significance of Risk Assessment
  - High Risk
    - Request for early audit by the Auditors
    - Greater scrutiny by other areas in the Department when applying for grants



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# OPEN FOR QUESTIONS

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