



Carr, Riggs & Ingram, LLC 215 Baytree Drive Melbourne. Florida 32940

321.255.0088 386.336.4189 (fax) CRIcpa.com

September 12, 2023

Ms. Connie Brown
Executive Director – Internal Compliance
Atlanta Public Schools
130 Trinity Avenue
Atlanta, Georgia 30303-3624

Pursuant to our Statement of Work (SOW) signed on December 9, 2022, Carr, Riggs & Ingram ("CRI", "us", "we") hereby submit the results of our consulting services related to the Ethics Program Reviews.

Our services were performed in conformity with Statements on Standards for Consulting Services of the American Institute of Certified Public Accountants (AICPA), and did not constitute an audit in accordance with generally accepted auditing standards. Accordingly, we expressed no opinion on any of the items reviewed.

The results of CRI's testing are included in this report and are based on the scope of work included in CRI's SOW dated October 31, 2022.

Because of the special nature of our services under the applicable scope of work, this report is not suited for any purpose other than to assist the Executive Director – Internal Compliance, the Audit Committee and School Board of Atlanta Public Schools (APS) and this report is intended solely for the Executive Director – Internal Compliance, the Audit Committee and the School Board of APS use, and is not intended to be and should not be used by anyone other than these parties.

We disclaim any intention or obligation to update or revise the observations contained herein, whether as a result of new information, future events, or otherwise. Should additional documentation or other information become available that impacts the observations made in this report, we reserve the right to amend our observations and summary documents accordingly.

Respectfully Submitted,

CARR, RIGGS & INGRAM, LLC

Carr, Riggs & Ungram, L.L.C.

Table of Contents

Executive Summary	3
'	
Background	4
· ·	
Objectives and Approach	8
Observations Matrix	9

Overview

The Office of Internal Compliance (OIC) was not in compliance with the following standard as a result of an External Quality Assessment (EQA) issued in February 2022. The following represents an excerpt from the EQA Report, p. 5:

<u>Standard 2110.A1</u> – Governance. OIC must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities. Since OIC manages the Ethics Hotline, a safeguard must be in place to limit any impairment to independence and objectivity to this required audit. Further, the Ethics Program should be included in the audit universe.

As such, the Executive Director of the OIC engaged CRI to perform this assessment of the ethics-related objectives, programs and activities.

APS's ethics related programs and activities are managed between two departments:

- OIC manages the Ethics and Compliance Hotline
 - The district currently uses NAVEX to manage our hotline
- Office of Employee Relations (OER) manages ethics training and monitoring

Objective

The primary objective was to assess the design and effectiveness of internal controls to facilitate proper compliance with applicable policies, laws and regulations for each of the functions and processes noted above in accordance with Standard <u>2110.A1</u>.

Observations

Observation ratings are a subjective evaluation of the severity of the concern and the potential impact on the operations. An observation rating of "High" represents an issue of immediate concern and could cause significant operational issues if not addressed soon. A "Moderate" rating is an issue that may also cause operational issues and does not require immediate attention but should be addressed as soon as possible. Observations given a "Low" rating could escalate into operational issues but can be addressed through the normal course of conducting business. The following is a summary of observations noted.

	Ratings by Observation	Risk Rating
1.	Ethics Training – New Hire Employees	High
2.	Ethics Compliance and Monitoring – Documented Policies and Procedures	Moderate
3.	Ethics Commission – Documentation and Monitoring	Low
4.	Ethics Policies – Potentially Outdated	Low

BACKGROUND

Overview

APS's ethics related programs and activities are managed between two departments:

- OIC manages the Ethics and Compliance Hotline
 - The district currently uses NAVEX to manage our hotline
- Office of Employee Relations (OER) manages ethics training and monitoring

Currently the Executive Director of the OIC is primarily responsible for managing and monitoring the ethics and compliance hotline. The Program Manager of OER is primarily responsible for managing ethics training and monitoring compliance.

Ethics and Compliance Hotline

The OIC receives and manages concerns that come through the following channels:

- Ethics & Compliance Hotline
- Let's Talk
- Email and/or telephone referral

Depending on the nature of the concern, OIC may inquire into the matter or forward it to the appropriate APS team member for resolution. Most of the cases that OIC does not handle, are managed by the OER. Most of the concerns are received via the Ethics & Compliance Hotline.

Concerns Received via the Ethics Hotline

- 1. Review all EthicsPoint case summaries email notifications, as needed, and determine if the case should be managed by the OIC or the OER.
- 2. If the allegation references any of the following instances/incidents, OIC will manage the case:
 - a. Fraud
 - b. Theft of funds
 - c. Mismanagement of funds
 - d. Conflict of Interest
 - e. Test Tampering
 - f. Academic Misconduct
 - g. Whistleblower Retaliation
 - h. Federal/State law violations (i.e., FERPA, Open Records, Open Meetings, etc.)
 - i. Complaints that involve OER employees

The above list may not be exhaustive and depending on the circumstances of the case, exception may be made at the OIC Executive Director's discretion.

- Complaints that reference Charter of Partner Schools (OIC will forward these types of concerns to the Office of Charter & Partner Schools for review and resolution.)
- Sexual assault/Abuse concerns are forwarded to APS Police Department and or School Principal/OER for review and resolution.
- 3. If case should be managed by OER, OIC will forward the EthicsPoint case notification email to the following individuals:
 - a. OER Director
 - b. OER Administrative Assistant/Coordinator
 - c. OIC Administrative Assistant
 - d. Chief Human Resources Officer
- 4. OIC Administrative Assistant will assign OIC as the case owner in the NavEx system and update the OIC Investigation Tracking log.

BACKGROUND - CONTINUED

OIC may need additional information from the Reporter to determine if an investigation is required. If that is the case, OIC will post a follow up question or comment in NavEx and provide the Reporter with a date by which to respond to the request or the case will be closed.

Once a case is resolved, OIC will close the case out in Navex and update the Investigation Tracking Log. Audit Committee is periodically updated on status of hotline cases.

Concerns Received via Email/Phone

After a concern is received via email/phone, the OIC Director will determine if the case should be managed by the by the Office of Internal Compliance (OIC) or the Office of Employee Relations (OER). If the case is to be managed by OIC, the information is added to the Investigation Tracking Log and assigned accordingly. Once a case is resolved, OIC will close the case out and update the Investigation Tracking Log.

Concerns Received via Email/Phone

The Let's Talk application was implemented to serve as a communication tool for APS stakeholders to seek assistance to report issues/concerns/complaints. However, if a concern comes to OIC's attention through the Let's Talk application, OIC will review and investigate accordingly.

Ethics Training and Monitoring

<u>Training Enrollment/Registration</u> – "Pre-planning week" – by last Monday of July

- Mass upload (about 8,000 employees) from ERP into learning management system (ELiS).
- ELiS automatically enrolls the list FT (incl. seasonal) employees and automatically sends each employee an email with Flyer/link to the training module (EES).

Training Reminders – ("Ethics Season" – July – December)

- September email reminder to all FT employees (regardless if complete yet (disregard if already completed) that → "Ethics Season"
- October first week OER and HR runs a report of all FT employees who have completed and those enrolled that have not started the training – report shows: enrolled, in-progress, or completed.
- October Email notifications sent to individual employees for next 3 weeks in October and list sent to the Chiefs (Deputy Super, Executive level, etc.) and to the respective employees' supervisors.
- November email reminders every other day and Robo calls.
- November week before T-Day, USPS mail sent to employee home address.

Training Non-Compliance Consequences - December 2, 2022 (December 31, 2022*)

*Moved to different management system – delay 24 to 48 hours in processing – extended deadline to December 31, 2022 – on break – came back January 2, 2023 – pulled completion reports on 1/2/2023.

- January 6th Official notification sent email and USPS mail to employees that did not complete
 the training that effective Monday, January 9 13 employee is suspended, put on administrative
 leave (with or without pay) depending on position (suspended from Kronos). Chiefs also notified.
 Official Notification states that if employee does not complete the training by 1/13/23, employee
 will be terminated, effective as of 1/17/23.
- Superintendent generates the termination/separation letters that are sent via email and USPS to applicable FT employee that failed to complete the Ethics Training stating reason.

BACKGROUND - CONTINUED

Documentation of ethics training process and requirements

- Embedded within the training tool can go back to the "Ethics Elite Squad"
- Employee Handbook updated annually.
- Student Handbook
- GA Code of Ethics

Ethics Training: Measurement and Accountability

- There are quizzes during the Ethics module to test the employee's knowledge on the ethical behaviors. Employees must pass the quiz in order to move on.
- Employees receive a Certification of Completion.
- Employees who fail to successfully complete the quiz will be added to the noncompliance list.

Board Ethics Monitoring

Commission Membership and Meetings

- The Atlanta Board of Education created a Seven-Member Ethics Commission ("Commission").
- "Members of the Ethics Commission shall be recommended by the following community organizations and appointed by the board in this order until seven (7) members are appointed. Each organization will have the opportunity to refill its seat if the Ethics Commission member resigns: Atlanta Bar Association, Gate City Bar Association, Institute of Internal Auditors, Atlanta Chapter, Georgia School Boards Association, Atlanta Council of PTA's, Georgia Chamber, Emory University Center of Ethics, Georgia Partnership for Excellence in Education, and Georgia School Superintendents Association" (BH-R Board Code of Ethics-Organization).
- Commission members do not meet unless there is a complaint.
- The Commission must have a quorum of no less than 5 members to take any actions (the Commission does not typically meet unless there are actions to be taken).
- Consist of up to 9 committee member from 9 organizations.
- There are term limits for commission members.
- There is a commission in place, however, there is currently replacements being appointed as a few members are no longer with the respective organizations.

Complaints

- Complaints are received from stakeholders by submitting a written statement.
- Once a complaint have been received, the Executive Director Board Office, calls the Ethics Commission to review the complaint.
- Ethics Commission then proceeds appropriately.
- Whether the case is investigated or not, a written statement is provided to the public (accessible on webpage).
- External Attorney is involved in the complaint process.

Staffing

Key personnel from APS that were involved in the engagement included:

Title

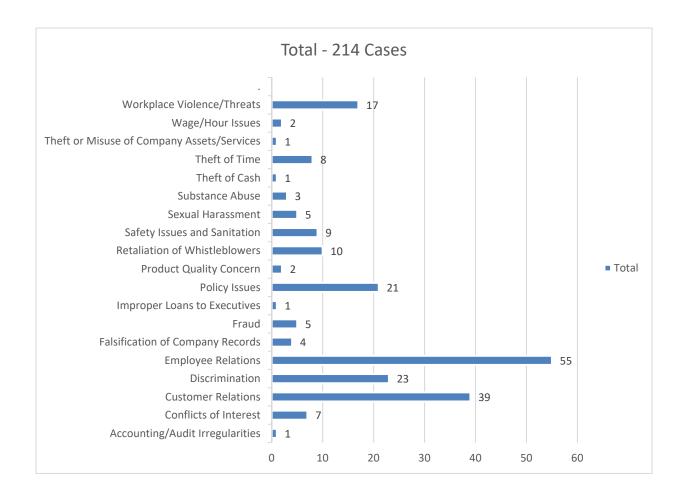
Executive Director – Internal Compliance, Office of Internal Compliance (OIC)

Program Manager, Learning Management, Human Resources

Executive Director, Board Office

BACKGROUND - CONTINUED

Total Cases by Type - 2/2/22 - 3/28/2023 (39 out of 214 handled by OIC)



OBJECTIVE AND APPROACH

Objective

The primary objective was to assess the design and effectiveness of internal controls to facilitate proper compliance with applicable policies, laws and regulations for each of the functions and processes noted above in accordance with Standard 2110.A1.

Approach

Our approach consisted of three phases:

Phase 1 - Understanding and Documentation of the Function(s)

During the first phase, we will hold an entrance conference with the Executive Director – Internal Compliance or designee, key management and personnel involved with, to discuss the scope and objectives of the internal audit work, obtain preliminary data, and establish working arrangements. We will request and review applicable APS policies and procedures, federal and state statutes, ETHICS-RELATED OBJECTIVES, PROGRAMS, AND ACTIVITIES policies/procedures, organization charts, and other relevant resources. We will gain an understanding and document the ETHICS-RELATED OBJECTIVES, PROGRAMS, AND ACTIVITIES managed functions, and related processes. We will conduct interviews with management and staff and document their respective roles in these functions and related processes. We will update our understanding of the relevant processes and relevant controls. The primary purpose is to document our understanding of the process to identify any matters of risk or compliance or other concerns that may affect the timing and extent of our detailed internal controls and compliance sample testing and to identify any findings and relevant improvement opportunities. Often times, in the facilitated sessions and interviews, we identify significant control gaps and improvement opportunities.

Phase 2 - Testing - Compliance, Controls and Transactions

The purpose of this phase is to perform risk-based testing procedures based on our understanding of the processes and internal control structure, School Board policies and procedures, ordinances, Federal and Georgia State Statutes, as applicable. We determine the scope and extent of our detailed testing of the processes, controls and compliance matters based on the overall risk assessment and our specific understanding of the processes and related controls obtained in the activities of phase 1 of our approach. We perform various types of sampling techniques and data analytics in our internal controls and compliance testing. Throughout the detailed testing phase, we vet the preliminary results (observations, findings, gaps, improvement opportunities, etc.) to verify the accuracy and completeness with the process owners and key management personnel. Our detailed, sample testing will include inquiry, walkthrough and testing of individual transactions related to the areas listed in the **Scope and Objectives** above for the following functions:

- Ethics-related objectives, programs, and activities
- General Compliance compliance with Standard 2110.A1

Phase Three – Reporting and Recommendations

At the conclusion of our procedures, we will document our understanding of the overall Ethics-related objectives, programs, and related activities, summarize our procedures performed, as well as any findings and issues and potential process improvements related to this function. We will conduct an exit conference with management and incorporate management's responses into our report. We will also conduct an exit conference with the Executive Director – Internal Compliance or designee as requested. We will present our final report to the Audit Committee.

Rating: High

1. Ethics Training – New Hire Employees

Observation

During our sample testing of ethics training related new hire employees, we noted the following:

- Five out of ten new hires tested did not complete their training within the required 30 calendar days of the hire date pursuant the *Employee Handbook*.

 Based on discussion with management as of the date of testing, no follow-up was conducted by the respective employee's manager.
- One of the five new hires that did not complete the ethics training within the 30-day requirement completed the training 90 days after the hire date.
- One of the five new hires that did not complete the training within the 30-day requirement is no longer employed by APS.
- For all five new hires that failed to complete the new hire ethics training within the required 30-day period, there was no disciplinary action taken as outlined in the *Employee Handbook*.

Recommended Action

We recommend the following:

- a. Run a report to determine the status of all new hire employees that have not completed the training that are still employed by APS and take appropriate disciplinary action in accordance with the Employee Handbook.
- b. Create and run monthly reports to monitor new hire employee ethics training for compliance with the 30-day requirement.
- c. Set-up system for automated email reminders to be sent to new hire employees every 10 days after the enrollment date until completion date.
- d. Take appropriate action for any new hire employees that have not completed ethics training within the 30-day requirement.

Management Response

Interim Solution: HR management has already started implementing a corrective action plan to provide for new hire compliance regarding the completion of Ethics Training within 30 days of employment.

Outcomes:

- In Elis, the team created a course for new hires with a 30-day cutoff.
- The ELIS system will remind employees throughout the 30 days to complete the course.
- HR will receive a daily report of the new employees' completion statuses.
- HR will have access to the ELIS dashboard to monitor new employees' completion status.

Long-term Solution: Add Ethics Training to the Onboarding Requirements in the new Applicant Tracking and Hiring System in Frontline.

Responsible Party: Chief Human Resources Officer

Estimated Completion Date: June 2024

Rating: Moderate

2. Ethics Compliance and Monitoring – Documented Policies and Procedures

Observation

During our discussions and review of the Ethics Compliance and Hotline process, we noted that the process and criteria associated with this process were not formally documented. During our interviews, the OIC executive director articulated the process OIC follows and the criteria utilized to identify, assign, and resolve the complaints/cases that should be addressed by the OIC and those that should be addressed by other departments based on the subject matter. See the Background section above for an overview of this process and the list of criteria identified by the OIC executive director for identifying and allocating the complaints/cases that should be addressed by OIC and those that should be addressed by other departments such as the OER. CRI used utilized this process and criteria for compliance, control and transactional testing (Phase 2 – Objective and Approach above).

Recommended Action

We recommend the OIC formally document policies and procedures and associated criteria related to the ethics compliance and hotline process for the proper identification, assignment and resolution of ethics related complaints/issues.

Management Response

OIC will create a standard operating procedure related to the ethics compliance and hotline process.

Responsible Party: Executive Director – Internal Compliance

Estimated Completion Date: October 2023

Rating: Low

3. Ethics Commission – Documentation and Monitoring

Observation

During our discussions with executive director of the Board, we noted the following with respect to the Ethics Commission:

- Commission member's qualification documents such as resumes are not retained as evidenced that the Commission members met the four criteria as outlined in the BH-R Board Code of Ethics-Organization.
- There is no regular check-in or monitoring to determine whether the members assigned are still with their respective organizations that the members must be appointed by to serve on the commission. The process to replace members is a fairly long process.

Recommended Action

We recommend the following:

- a. Retain member's qualifications including resumes as part of the member selection process.
- b. Establish a check-in/monitoring process to contact members on at least a quarterly basis to verify that they are still members of the representative organizations and eligible to serve on the Commission to facilitate the timely replacement of members as needed.

Management Response

The Board Office receives and accepts the recommendations, although not explicitly required in policies and/or protocols, offered to mitigate risks regarding the Ethics Commission. It is believed that these recommendations will help to ensure continuity on the Commission to carry out the complaint process.

Responsible Party: Executive Director, Board Office

Estimated Completion Date: October 2023

Rating: Low

4. Ethics Policies - Potentially Outdated

Observation

We noted the following policies have not been updated for ten years or more:

- Board Policy BH: Board code of Ethics last revised 06/04/2012
- BH-E Board Code of Ethics last revised 8/15/2012
- BH-R Board Code of Ethics-Organization last revised 6/5/2012
- GAG Staff Conflict of Interest Policy last revised 08/12/2013

Recommended Action

We recommend that management review the policies listed above to determine if revisions are necessary to bring the respective policy up-to-date with current circumstances and other internal or external policies, as needed.

Management Response

At the September and October Policy Review Committee meetings, we will review these policies and discuss any needed updates. Edits to the policies (if necessary) will be considered by the full Board in October and November.

Responsible Party: Chief of Staff

Estimated Completion Date: October 2023