

Audit Updates – GAINS 2026

GAINS Conference
May 2026
Savannah, Georgia

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Agenda

- Important Dates and Other Reminders
- Client Communication Items
- DOAA Award of Distinction for Excellent Financial Reporting
- Accounting and Reporting Topics
- Standards Updates
- Federal Updates
- Legislation Updates



Important Dates and Other Reminders

Important Due Dates – FY26

Payments/Purchase Card Files	Salary and Travel Collection System	Immigration Compliance Reporting
For Compliance with the Transparency in Government Act (TIGA)	For Compliance with the Transparency in Government Act (TIGA)	Submission information in compliance with Georgia's Illegal Immigration Reform and Enforcement Act (HB 87)
Opens: July 7, 2026	Opens: July 7, 2026	Opens: November 1, 2026
Due: October 1, 2026	Due: August 15, 2026	Due: December 31, 2026

Important Due Dates – FY26

Schedule of SPLOST Expenditures	Financial Statements: Award of Distinction	Financial Statements: All Others
Opens: Now	Opens: Now	Opens: Now
Due: December 4, 2026	Due: November 15, 2026	Due: December 31, 2026

Year-End Workshop Presentations

May

2026

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
18 Gordon County	19 Bulloch County Atlanta Office	20	21 Dougherty County Barrow County	22
25	26	27 Houston County	28	29 Ware County

Virtual Year-End Workshop – June 1st

Alert! ADA Compliance

- Previously planned removals of non-essential items from DOAA's website have been deferred due to U.S. DOJ **extending** ADA compliance requirements to **April 24, 2027**.
- FY26 audit templates and tools will be available starting July 2026 (with updated ADA requirements)
****See next slide for dates****

Other Important Dates

Availability of Audit Tools

- Financial Statement Templates – **July 31, 2026**
- Notes to the Basic Financial Statements – **August 15, 2026**
- Other Audit Tools – **Rollout starting July 2026**

GASBO Financial Statement Workshop

- Tuesday, November 10, 2026

A network diagram consisting of several brass pins standing upright on a dark, textured wooden surface. The pins are interconnected by thin, translucent wires, forming a complex web of connections. The central pin is the most prominent, with multiple wires radiating outwards to other pins. The background is a blurred, dark blue-grey color, suggesting a larger network or a digital environment.

Client Communication Items

Audit Template & Tools (Updates)

- FY26 Audit Templates will be revised to ensure full ADA compliance for all FY26 Audits.
- Essential Audit Tools will be released on a phased (slow) rollout schedule.
- For questions or materials, [Contact Us - DOAA](#)

School System Financial Dashboard

- Provides information and trends related to:
 - Revenue
 - Expenditures
 - Fund Balance
 - Fiscal Health
- Dashboard currently includes financial information from each school for FY19 – FY25
- Located on DOAA Website:
 - <https://www.audits2.ga.gov/schoolsystemdashboard/>

Interim Work

School districts may be contacted by DOAA to begin interim federal compliance work for FY2026 during the summer and early fall.

- The cloud-based request list will be made available for school districts to begin uploading information.
- The more that auditors can complete in the interim, the less time it will take to complete the engagement later on.



DOAA Award of Distinction for Excellent Financial Reporting

Congratulations To The
Award Recipients!

DOAA Award of Distinction Recipients FY2025

- Baker County
- Bulloch County
- Charlton County
- City of Bremen
- City of Chickamauga
- City of Vidalia
- Decatur County
- Elbert County
- Fannin County
- Greene County
- Haralson County
- Hart County
- Jasper County
- Lee County
- McDuffie County
- McIntosh County
- Paulding County
- Rabun County
- Thomas County
- Tift County
- Toombs County
- Towns County
- Ware County
- Washington County
- Whitfield County
- Wilcox County

Accounting and Reporting Topics

Accounting and Reporting Topics

- Natural Disasters (on-behalf payments)
 - FY25: Hurricane Helene
- GASB Statement No. 101 – Compensated Absences
 - Recap, reflect, recalibrate

Natural Disaster Reporting (Hurricane Helene)

Hurricane Helene

- Major hurricane impacting Georgia school districts
- Caused widespread damage and disruption
- Triggered significant unplanned costs (repairs, debris removal, major construction activity)
- Insurance became a critical funding source for recovery and rebuilding

The storm has passed—the accounting has not.

Hurricane Helene – Reporting

- Hurricanes are infrequent and unusual events, and technical assistance from auditors is acceptable.
- However, the responsibility remains with management!
- It is the client's responsibility to:
 - Assess asset condition (impaired, destroyed, or repaired)
 - Track all related costs
 - Track insurance recoveries and reimbursements

Hurricane Helene – Reporting FY25

Governmental Funds:

- Record hurricane expenditures as Extraordinary Item
- Record insurance proceeds as Other Financing Sources

Government-Wide Statements:

- Capitalize expenditures related to capital assets
- Net the remaining expenditures with insurance proceeds as an Extraordinary Item

Hurricane Helene – Reporting FY25

On- Behalf Payments

- It has come to our attention that insurance providers (e.g., GSBA) may be paying certain recovery costs on behalf of school districts.
- These arrangements are acceptable; however, financial reporting requirements still apply.
- School Districts must report on-behalf payments in the same manner as if the district had made the payment directly.

Hurricane Helene – Reporting FY25

On-Behalf Payments - Key Requirements

- Identify when payments are made on behalf of the district
- Maintain supporting documentation from insurance provider
- Make a reasonable effort to identify, understand and document all recovery activity, including:
 - Tracking capital asset additions, deletions and impairments
 - Ensuring related expenditures and recoveries are properly captured in the financial records

GASB Statement No. 101 Recap, Reflect, Recalibrate

Recap: GASB 101

Effective beginning FY25

What is the recognition criteria?

- Leave **accumulates** and **is attributable to past service**
- More likely than not that it will be **used or paid**
- Liability is recognized when **both are met**

Recap: GASB 101

Measurement of Liability

- Based on pay rate at reporting date (6/30)
- Includes salary-related payments (FICA, retirement)
 - Defined benefit plan contributions are **NOT** included
 - Defined contributions **COULD** qualify
- Requires timely updates to:
 - Leave Balances
 - Pay Rate Schedules

Recap: GASB 101

Scenario:

- **Sick leave** is **earned** at 1 day per month (12 days per year)
- Unused sick leave **accumulates** up to 45 days (anything over goes to TRS)
- Historically, it is **MLTN** that sick leave **will be used**

Recap: GASB 101

Eligible for GASB 101 Recognition? **YES!**

1. Sick Leave is a leave type covered
2. Leave can be accumulated (not use it or lose it)
3. Leave is earned (attributable to past service)
4. MLTN that sick leave will be used in the future

Recap: GASB 101

Before calculation, the School District should...

- Gather and analyze historical leave usage
- Provide:
 - Eligible employee counts (at 6/30)
 - Daily pay rate (at 6/30)
 - Unused leave balances (at 6/30)

Recap: GASB 101

Calculation: Prepare Inputs

At June 30, 2025, the following data was gathered:

- Employee Count: 400
- Average Daily Rate: \$275
- Average Sick Leave Used: 5 days/year
- Percentage of Use: 5 days / 12 days earned = 42% usage
- Unused sick days: 8,000 (excluded days greater than 45)

Recap: GASB 101

Calculation: Calculate the Liability

Expected usage liability (current employees):

- $8,000 \text{ unused sick days} * 42\% \text{ usage rate} * \$275/\text{day} = \mathbf{\$924,000}$
- **ST liability:** $5 \text{ days/year} * \$275 * 400 \text{ employees} = \$550,000$
- **LT liability:** $\$924,000 - \$550,000 = \$374,000$

Recap: GASB 101

Calculation: Calculate the Liability

Include salary-related benefits:

Social Security (6.2%), Medicare (1.45%), 457b DC plan (5%)

- **ST liability:** $\$550,000 * (1 + 12.65\%) = \$619,575$
- **LT liability:** $\$374,000 * (1 + 12.65\%) = \$421,311$

Recap: GASB 101

Assessment:

Total Liability = \$619,575 + \$421,311 = **\$1,040,886**

Is liability....

- Material? Yes – Restate beginning balance
- Significant? Yes – Restate beginning balance*
- Inconsequential? Not likely... revisit the data

Reflect: FY25 LEA Low-Risk

At a Glance:

- 61 Audits
- 61 Restatements
- 100% Impact from GASB 101

Implementation year is always the most challenging year!
You had to gather not only FY25 data... but FY24. It gets easier...

Reflect: FY25 LEA Low-Risk

Key Challenges Observed:

- Data Availability
- Data Quality
- System Limitations
- Manual Processes
- Policy Interpretation

Recalibrate: Turning Lessons into Action

- FY25 highlighted key opportunities to strengthen data readiness, documentation and policy application.
- FY26 is about applying those lessons proactively before audit fieldwork begins

Recalibrate: Turning Lessons into Action

Action Items:

- Be prepared to gather complete data as of 6/30/2026
- Leverage FY25 audit results to identify and address:
 - Data gaps - Did you gather the right things?
 - Timing delays - How long did it take? How long should it take?
 - Documentation quality - Was it complete and accurate?
 - System limitations - Can your system provide data as of 6/30 any time during the year?

Recalibrate: Turning Lessons into Action

Validate Your Data:

- Does the data align with your understanding of district operations?
- Does payroll, HR and finance records tell a consistent story (during the year and YoY)?
- Are there unexpected variances that require explanation?
- Can you confidently explain employee-related data?

Recalibrate: Turning Lessons into Action

Final Takeaway:

- The standard is no longer new
- Estimates must now be supportable without technical assistance from auditors
- Documentation is key to success
- Be proactive!



Standards Updates

Standards Overview

Both standards are effective for fiscal years beginning after June 15, 2025 — FY2026 for school districts

GASB No. 103

Financial Reporting Model Improvements

Modernizes MD&A, unusual/infrequent items, proprietary fund presentation, major component units, and budgetary comparisons.

Effective: FY2026

GASB No. 104

Disclosure of Certain Capital Assets

Enhances capital asset note disclosures by requiring separate presentation of intangible right-to-use assets and establishing a new category — capital assets held for sale — with specific disclosure requirements.

Effective: FY2026

GASB No. 103

Financial Reporting Model Improvements

Effective: Fiscal years beginning after June 15, 2025 (FY2026)

Applied retroactively where practical

GASB No. 103 — Financial Reporting Model Improvements

Areas of Impact — What Changes in FY2026

- 1 Management's Discussion & Analysis** | Restructured into 5 required sections with emphasis on analysis, not just amounts
- 2 Unusual or Infrequent Items** | Replaces special and extraordinary items — changes how events like Hurricane Helene are reported
- 3 Proprietary Fund Presentation** | Clearer distinctions between operating, noncapital subsidy, and nonoperating revenues/expenses
- 4 Major Component Unit Information** | Condensed financial statements in notes no longer allowed — must appear on face of statements or in combining statements
- 5 Budgetary Comparison Information** | Must be presented as RSI only — no longer permitted as a basic financial statement

GASB No. 104

Disclosure of Certain Capital Assets

Effective: Fiscal years beginning after June 15, 2025 (FY2026)

Applied retroactively where practical

GASB No. 104 — Disclosure of Certain Capital Assets

Two Core Requirements

Part 1: Separate Disclosure of Intangible Right-to-Use Assets

- Lease assets (GASB 87) — by major class of underlying asset (buildings, equipment, etc.)
- Intangible right-to-use assets from public-private/public-public partnerships (GASB 94)
- Subscription assets — SBITAs (GASB 96)
- Other intangible assets (easements, water rights, internally developed software)
- Must NOT be disclosed within the same major class as owned capital assets

Part 2: Capital Assets Held for Sale

- New category requiring identification and disclosure in the notes
- Two criteria must both be met to qualify
- Separate note disclosure required — not a separate line on the face of statements
- Assets held for sale continue to be depreciated
- Must be evaluated at each reporting period



Federal Updates



Learning
objectives

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Commonly Used Acronyms

Acronym	Description
AICPA	American Institute of Certified Public Accountants
ALN	Assistance Listing Number (formerly CFDA)
CAP	Corrective Action Plan
CDHV	Clean Heavy-Duty Vehicles
CFR	Code of Federal Regulations
CNC	Child Nutrition Cluster
ConApp	Consolidated Application
CSB	Clean School Bus
DOAA	Georgia Department of Audits & Accounts
ECF	Emergency Connectivity Fund
ED	U.S. Department of Education

Commonly Used Acronyms *(continued)*

Acronym	Description
ESF	Education Stabilization Fund
ESSER	Elementary and Secondary School Emergency Relief Fund
FMT	Findings Management Tool
GaDOE	Georgia Department of Education
LEA	Local Educational Agency
NSAA	National State Auditors Association
OMB	U.S. Office of Management and Budget
SAO	State Accounting Office
SEFA	Schedule of Expenditures of Federal Awards
SSAE	Student Support and Academic Enrichment
UG	Uniform Guidance

Draft Compliance Supplement



Compliance Supplement Update

No drafts were provided for review except Head Start; therefore, no significant changes are expected.



Higher Risk Programs

No LEA programs are expected to be designated as higher risk.



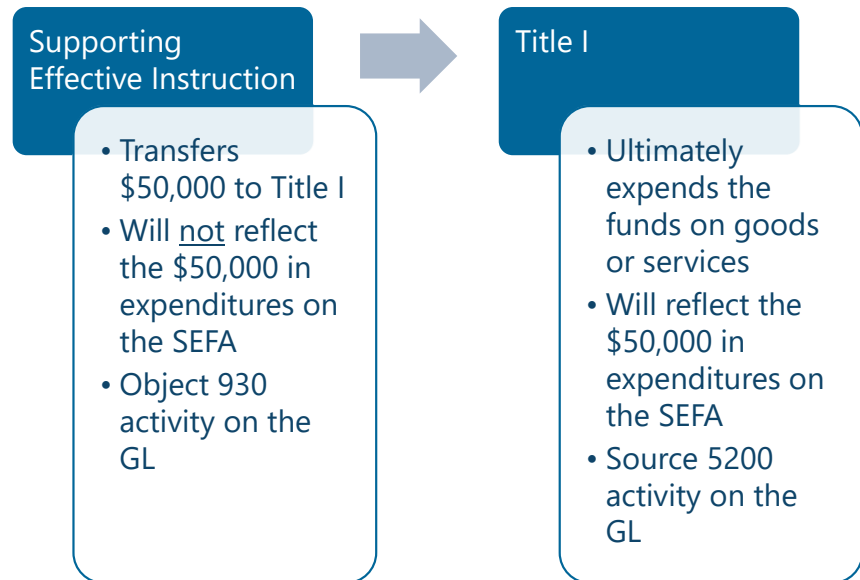
E-Rate Update

E-Rate audits will not be required for FY26 and amounts should not be reflected on the SEFA.

SEFA Reminders

Transfers Between Programs:

- Instances in which funds are transferred from one program and ultimately expended in another program can be identified on the general ledger as follows:
 - Program *transferring* funds to another fund – Object 930
 - Program *receiving* funds from another fund – Source 5200
- For SEFA purposes, expenditures should only be reported in the program that received the transferred funds and ultimately expended them.



SEFA Reminders *(continued)*

Additional Programs Needed

- Please email Jase White (white@audits.ga.gov) if there are any federal programs that should be added to the SEFA template or if your school district needs assistance in determining how a program should be presented.

Uniform Guidance Update

Significant changes affecting LEAs for FY26 audits are as follows:

- Single Audit and Type A threshold will be increased from \$750,000 to \$1,000,000.
 - Effective for audits with fiscal years beginning on or after October 1, 2024.
 - Some LEAs will no longer require a Single Audit, but a financial statement audit is still required per State law.
 - Some programs will no longer have to be tested every three years.



Legislation Updates

GEORGIA DEPARTMENT OF AUDITS AND ACCOUNTS

HB 1164 & SB 472:

What's Changing for School Districts

Audit Independence

Fiscal Monitoring System

DOAA Audit Responsibility

Annual Certification

Effective July 1, 2026 · Full implementation by 2028–2029 school year

HB 1164

EFFECTIVE July 1, 2026

PASSED HOUSE AND SENATE

Sent to the Governor 4/6/2026

Strengthening school system financial oversight — a new framework for identifying fiscal risk and expanding DOAA's audit role.

Fiscal monitoring program

- Four-tier framework: Fiscally Sound → Critical Fiscal Emergency
- Tier 2 = moderate-risk; Tiers 3 & 4 = high-risk
- Developed by July 1, 2026
- Fully implemented by 2028–2029 school year
- Covers LEAs, completion schools, and state charters

Annual certifications & expanded audits

- Audit readiness certification due December 31
- No-delinquency cert for TRS, PSERS, health plan, Labor
- Failure to certify = automatic high-risk designation
- DOAA conducts or authorizes all LEA and charter audits
- Audit readiness and audit work must be separated

Governance consequences

- State Board audit committee meets $\geq 6\times$ per fiscal year
- Written response within 60 days of designation
- Board-approved corrective plan within 60 days
- Superintendent extensions capped at 12 months while high-risk
- Charter and flexibility contracts may be amended or terminated

TS1

BOTTOM LINE If your district is designated high- or moderate-risk, the clock starts immediately: response and corrective action plan in 60 days and monthly expenditure reporting until you exit.

TS1 60 days?

Taylor Seymour, 2026-05-08T13:23:47.276

SB 472

EFFECTIVE Upon Governor's approval

PASSED HOUSE AND SENATE

Sent to the Governor 4/10/2026

Accountability for local boards and superintendents — extends suspension authority and caps advance distributions of state QBE funds.

Board member suspension

- Triggered by designation at DOAA's highest intervention tier
- Also triggered by state auditor findings of mismanagement
- Requires audit committee recommendation + State Board vote
- Governor may suspend with pay
- Reinstatement follows existing hearing process

Superintendent contract terms

- Applies to contracts entered or renewed on/after July 1, 2026
- Financial mismanagement finding = act of default
- Ignoring an intervention plan = act of default
- Either default authorizes local board to terminate for cause
- Runs alongside HB 1164's 12-month extension cap

QBE advances & dissolution petitions

- Advance QBE distributions capped at 50% of prior-year allotment
- Exceeding the cap requires state auditor opinion
- Also requires local board strict-compliance resolution
- Dissolution petition threshold lowered from 25% to 10% of voters
- State auditor authorized to investigate LEAs and charters

BOTTOM LINE If a superintendent or board member is cited for mismanagement — or the system hits the top monitoring tier — SB 472 provides the legal mechanism to remove them. Review contract language before renewals.

What to expect and when

Now

Review your current audit and readiness arrangements

Assess whether one firm is providing both audit readiness services and your annual audit

Before
July 1, 2026

DOAA publishes guidance and frameworks

Audit readiness standards, independence guidance, CPA engagement framework, and tier placement criteria all published

July 1, 2026

HB 1164 effective — monitoring and independence requirements active

Fiscal monitoring program launches for higher-risk entities; independence rule takes effect for all districts

Fall 2026

DOAA distributes annual certification forms

Detailed guidance and FAQs distributed to all local school systems and charter schools

Dec 31, 2026

First annual certification deadline

All districts and charter schools must submit signed certifications by this date

2028–2029

Full implementation

Monitoring program fully operational for all 180+ entities; expanded DOAA audit coverage in place



Questions?