

**State of Delaware
Office of Auditor of Accounts**

**Statewide Unit Count
Agreed-Upon Procedures Engagement
East Side Charter School**

School Year 2016 - 2017

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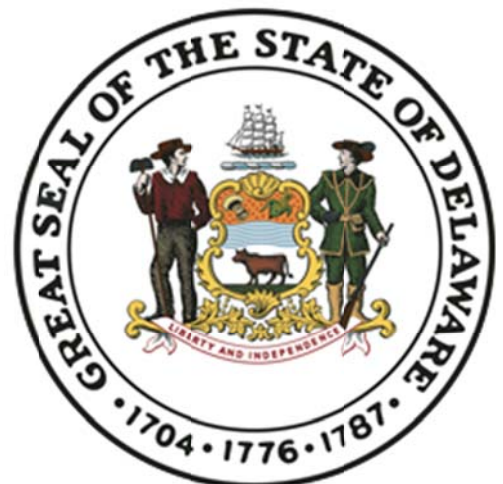


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Abbreviations

AOA		Auditor of Accounts
DOE		Department of Education
FSAR		Full Student Attendance Register



**STATE OF DELAWARE
OFFICE OF AUDITOR OF ACCOUNTS**

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Independent Accountant's Report
on Applying Agreed-Upon Procedures

The Honorable Dr. Susan Bunting
Secretary of Education
Department of Education
401 Federal Street, Suite 2
Dover, Delaware 19901

Mr. Aaron Bass
Chief Executive Officer
Eastside Charter School
3000 N Claymont Street
Wilmington, Delaware 19802

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and East Side Charter School (the Charter School) (the specified parties), related to the Charter School's compliance with 14 Del. Admin. Code §701, 14 Del. C. §2702(b), 14 Del. C. §3101(6), 14 Del. C. §1705A(a), and 14 Del. C. §1705A(c) during the 2016 – 2017 School Year. The Charter School's management is responsible for its compliance with those specified requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedure and associated findings are as follows:

Unit Count Documentation

Procedure #1: Judgmentally select 20 percent or a minimum of 5 schools and perform procedures 2 through 6.

Results: AOA judgmentally selected the Charter School for testing.

Procedure #2: Obtain the Full Student Register for the selected school and judgmentally select 5 percent or a maximum of 25 students with absences to ensure students were properly included or excluded in the Unit Count.

Results: The Charter School included 446 students in their September 30th Unit Count. Therefore, AOA judgmentally selected 23 students with sporadic absences for testing and 2 students for early admission to kindergarten testing.

Procedure #3: Ensure the documentation in the school's Unit Count Audit File contains all necessary supporting documentation to substantiate inclusion or exclusion of students in the school's Unit Count:

- Documentation to substantiate inclusion of students who were not in attendance during the last 10 school days of September pursuant to 14 Del. Admin. Code §701.
 - Reason for absence, usually medical, and date of last direct contact with student or parent. [14 Del. Admin. Code §701.3.1.1]
 - Records dated on or before September 30, 2016 indicating the student is expected to return to school prior to November 1, 2016. [14 Del. Admin. Code §701.3.1.2]
 - Unit Count Transfer Student forms for all intra-state transfer students during the last 10 school days of September (September 19, 2016 – September 30, 2016). If a school has an in-service day during the 10-day window, the school would back the count up by one day for each in-service day. [14 Del. Admin. Code §701.3.1.3]
- Documentation to support student withdrawals from September 19, 2016 through October 14, 2016.
- Documentation to support programs, situations and program types that qualify a student for inclusion in a school's Unit Count. [14 Del. Admin. Code §701.4.0]
 - i.e. DAPI, homebound, Consortium Discipline Alternative Programs, etc.
- Documentation to demonstrate how a student was assessed to be an Early Admission to Kindergarten for Gifted and Talented Students pursuant to 14 Del. C. §2702(b) and §3101(6).
- Teachers' classroom gradebooks upon request.
- Students' class schedules upon request.
- Doctors' reports.

Results: AOA found that 1 out of 25 students selected for testing was improperly counted in the school's Unit Count as the student was fleeting and momentary and lacked grade work samples. Also, the school's Unit Count file was not properly maintained for the following reasons:

- The attendance on the eSchoolPLUS report did not match the FSAR.¹
- There was a lack of documentation for excused absences.²
- There was a lack of Unit Count transfer documentation.

Procedure #4: Compare the number of students reported on the signed, dated and initialed Needs Based Detail by School report as documented in the selected school's Unit Count Audit File, to the school's final Unit Count submission to the Delaware Department of Education (DOE).

Results: We found no exceptions as a result of applying the procedure.

¹ The student was marked present when he or she was actually absent or vice versa.

² Doctor or parent notes were not received by the school.

Maximum Student-Instructor Ratio

Procedure #5: Obtain documentation from the selected school for the number of students and instructors in each Kindergarten, 1st, 2nd, and 3rd grade classroom as of October 31, 2016. Calculate the student to instructor ratio to verify that no classroom exceeds 22 students per instructor. [14 Del. C. §1705A(a)]

Results: We found no exceptions as a result of applying the procedure.

Procedure #6: Obtain support for the following if the student to instructor ratio exceeds 22 students per instructor: [14 Del. C. §1705A(c)]

- The local school board voted to waive the requirement before December 1, 2016.
- Notice of the board vote was placed in the local newspaper and was posted on the door of any school affected for two consecutive weeks before the meeting.
- A copy of the notice was sent to the principal, teacher association building representative, and Parent Teacher Organization/Parent Teacher Association parent leader of any affected school.
- The notice included the procedures for such persons to provide oral or written comments on the proposed waiver to the school board.
- The approved waiver was sent to the same persons.

Results: This procedure was not applicable, as the student to instructor ratio did not exceed 22 students per instructor.

Procedure #7: Calculate the dollar impact of any unresolved discrepancies.

Results: DOE performs the calculation subsequent to AOA's report issuance. Therefore, AOA will communicate with DOE at the conclusion of this engagement to ensure that any discrepancies have been addressed.

This agreed-upon procedures engagement was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

*Statewide Unit Count
Agreed-Upon Procedures Report
East Side Charter School*

State of Delaware

The purpose of this report on applying the agreed-upon procedures is solely to describe the procedures performed on the September 30th Unit Count and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose. However, the report is a matter of public record and its distribution is not limited. The report, as required by statute, will be provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, and Office of Management and Budget.

R. Thomas Wagner, Jr., CFE, CGFM, CICA
Auditor of Accounts
Dover, Delaware
September 21, 2017

Appendix A – Background Information

AOA selected the following districts and charter schools for the school year 2016 – 2017 Statewide Unit Count Agreed-Upon Procedures engagement:

- Cape Henlopen School District
- Lake Forest School District
- Christina School District
- Family Foundations Academy
- East Side Charter School
- Kuumba Academy
- Delaware Academy of Public Safety and Security

Separate reports will be issued for each school district and charter school.

How is Unit Count Performed? (Unit Count Documentation)

The Unit Count process begins at the school district level when a student is enrolled in a district and his or her information is entered into eSchoolPLUS.³ The required Unit Count calculations prescribed by 14 Del. C. §1703 (a) are preloaded into the system. Once the Unit Count process starts, the following events occur:

- Enrollment⁴ and student demographic data for each student including special education data maintained in eSchoolPLUS, is captured twice daily and loaded into Unit Count PLUS which automatically generates enrollment, units, and district-level position allotments.
- All IEP⁵ information entered into IEPPLUS is integrated into eSchoolPLUS as scheduled by the individual district/charter school and then captured twice daily along with enrollment and student demographic data and loaded into Unit Count PLUS.
- Unit Count PLUS calculates occupational-vocational units based on the schedules for students who are enrolled in state-approved Career and Technical Education (CTE) Program courses.⁶

After the Unit Count process is complete, the district/charter school's Unit Count Coordinator is required to submit to the State Unit Count Coordinator by the designated deadline the signed and dated Needs Based Detail by School Report for all schools in their district/charter school and the signed and dated cover letter. Each building administrator is required to generate the eSchoolPLUS Full Student Register

³ eSchoolPLUS is a comprehensive student information management application that provides powerful tools for teachers, administrators, parents, and students. This application was developed by SunGard K-12 District Success Specialist.

⁴ According to the Attorney General, Opinion No. 79-1017, dated May 24, 1979, enrollment is defined as “unless there is reason to believe that a pupil’s attendance during the ten-day period (last 10 days of school in September) is fleeting or momentary, his presence in school for all or part of the 10 days effectively “enrolls” him as of the last day of September for the school year.”

⁵ Individualized Education Programs (IEPs) are federally mandated by the Individuals with Disabilities Education Act. An IEP defines the individualized objectives of a child who has been found with a disability, as defined by federal regulations.

⁶ The scheduling component of eSchoolPLUS tracks the number of minutes in each approved CTE class. In addition, the system ensures that those students who are enrolled in both regular and occupational-vocational programs are not double-counted during the Unit Count.

Attendance report. This report is signed and dated by the building administrators and placed in the school's audit file as the school's verification of student attendance during the last 10 school days of September for students counted in the school's September 30th Unit Count. The Unit Count calculation includes the total pupil enrollment on the last school day in September⁷ and considers various factors such as grade level and, if applicable, the special education needs of the child. The 2016 Unit Count began on Monday, September 19, 2016 and ended on Friday, September 30, 2016.

Students enrolled in a charter school and included in the charter school's Unit Count must be listed on the enrollment roster within Unit Count PLUS. The roster provides the basis for transferring local funds attached to students who are enrolled in and are attending a charter school. Additionally, this roster serves as an audit trail.

Early Admission to Kindergarten

A child entering kindergarten must be age 5 on or before August 31st of the respective year. DOE decided that early admission to kindergarten for gifted students should be determined by professional qualified persons and the local district's assessment of the best interest of the child. All districts and charter schools must be able to demonstrate through documentation that these students are "gifted and talented." Documentation as to how these students were determined to be "gifted and talented" should be aligned with 14 Del. C. §3101 (6) and the local district's assessment of the best interest of the child under 14 Del. C. §2702 (b) and should be included in the district/charter school's Unit Count audit file.

Funding for charter schools is limited to students lawfully enrolled in grades K through 12 as the charter school may be approved to operate. Charter schools shall not include any Pre-K students in their enrollment for Unit Count purposes.⁸

How is Funding Received?

Pursuant to 14 Del. C. §1704 (1) the number of units shall be calculated based upon the total enrollment of pupils in each school district and charter school as of the last school day of September. There are three primary state funding types received by public school districts and charter schools as a result of units generated through the September 30th Unit Count. The categories are Division I (Salaries and Benefits), Division II (All-Other Costs and Energy), and Division III (Equalization).

School Funding and Appropriation

Since the Unit Count is not finalized until after the school year begins, DOE performs calculations in June of each year using preliminary values for districts' Division II, Division III, some state fund entitlements, and preliminary values for charter schools operation, to include a portion for state salary, other costs, and health insurance. After certification of the Unit Count by the Secretary of Education, the remaining Division II and Division III funds are transferred to the school district by OMB.

If, after the units are certified, a student is disqualified from the Unit Count through the auditing process, the units will be recalculated without the disqualified student. Another eligible student shall not be substituted for the disqualified student. A student who has been identified as special education and is receiving special education services that is disqualified from the Unit Count due to irregularities contained within supporting documentation may be included in the regular enrollment category provided the student meets eligibility requirements. Only a student disqualified by the audit process may be

⁷ 14 Del. C. §1704

⁸ 14 Delaware Administrative Code §701 (7.0)

reassigned to another unit category. In no event can this adjustment result in a net increase in units for a district.⁹

Out-of-state children whose parent or legal guardian is employed on a full-time basis by any reorganized school district may attend school in the district where the parent or guardian is employed during the period of the parent or guardian's employment upon written approval of the receiving district and payment of tuition if charged by the district. Such children may not be included in the September 30th Unit Count for state funding purposes.¹⁰

Student dependents of military and civilian Department of Defense (DOD) personnel who reside in Dover Air Force Base housing who enroll in a district through the Choice program or in a charter school must be reported by the receiving district/charter school to the Caesar Rodney School District (CRSD). Federal funds covering educational services for these students would then be transferred by the CRSD to the State to cover state costs associated with their education and to the receiving district to cover local costs.

Maximum Student-Instructor Ratio¹¹

The ratio of students to instructors in any class in kindergarten or grades 1-3 in a Delaware public school shall not exceed 22 students as of the last school day of October. In calculating such ratio, a classroom instructional aide shall count as equal to half a teacher. This ratio shall only apply to a class within which students are instructed in the core academic subjects of English/Language Arts, mathematics, science and social studies.¹²

The local school board may vote to waive the maximum student-instructor ratio at a public meeting noticed for that purpose. Any local school board vote on such a waiver shall occur on or before December 1 of each year, and the notice for such a meeting shall be placed in the local newspaper for two consecutive weeks before the meeting. The notice shall be posted on the door of any school affected for the same time period, a copy shall be sent to the principal, teacher association building representative and Parent Teacher Organization/Parent Teacher Association parent leader of any affected school.¹³

Pursuant to 14 Del. C. §1705A (d), the State Auditor shall, in cooperation with the Department of Education, monitor compliance with this section in the audits of the boards of education of the school districts conducted pursuant to §1504.

⁹ 14 Delaware Administrative Code 701 Unit Count §8.0

¹⁰ 14 Del. C. §607 (a)

¹¹ 14 Del. C. §1705 (A)

¹² 14 Del. C. §1705 (A) (a)

¹³ 14 Del. C. §1705 (A) (c)