



**State of Delaware
Office of Auditor of Accounts
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Working Hard to Protect YOUR Tax Dollars

Inspection

Fiscal Year 2017 Authorized Positions

July 31, 2019

The Auditor of Accounts (AOA) performed an inspection to ensure Fiscal Year 2017 authorized positions were not exceeded by comparing the number of authorized positions versus the number of actual positions a school district employed. Although this work was not finalized under the prior administration, there were general observations that AOA shared with the Governor's Government Efficiency and Accountability Review (GEAR) Board, which were then included in its report of recommendations to the Governor. Additionally, AOA will take these recommendations into consideration for future authorized positions engagements.

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Abbreviations:

AOA	Auditor of Accounts
Unit Count	September 30 th Unit Count
GEAR	Government Efficiency and Accountability Review Board

The mission of the Delaware Office of Auditor of Accounts

The Delaware Auditor of Accounts serves Delawareans by ensuring accountability in the use of taxpayer dollars through independent assessments of financial operations, performance management and statutory compliance of state government.

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Report Details

Background

In accordance with 14 Del. C. §1504(c), “In order to ensure that authorized position complements are not exceeded, the Auditor of Accounts is directed to incorporate an examination of the number of authorized positions versus the number of actual positions a district has employed as part of the regular, annual audit review for all public school district audits that commence on or after July 1, 1991. This position audit function shall include, in addition to formula salary positions, an examination of positions and associated “option units” authorized by the Secretary of Education under any appropriation.” In layman’s terms, authorized positions are the number of teacher, administrative, and instructional staff earned by a school district based on the number of students enrolled through a process referred to as the September 30th Unit Count (Unit Count).¹

During Fiscal Year 2017, the State budgeted approximately \$922 million to cover the State’s share of salaries and benefits for school district authorized positions. School district personnel costs generated from the Unit Count encompass approximately 23% of the State’s \$4.1 billion budget.

The Cape Henlopen, Lake Forest, and Christina School Districts were selected for review.

What We Found

We began the inspection by requesting staffing plans² for Cape Henlopen, Lake Forest, and Christina School Districts.³ An attempt was made to reconcile the employees listed as occupying a unit in the staffing plan to a data export of all payroll paid by the school districts.

Upon performing these procedures, we had the following observations:

- Improper recordkeeping as a result of overwriting the staffing plan
 - Iterations of staffing plans were not saved to support shifting of employees in and out of units during pay periods. This posed a challenge for the inspection team to determine if units were properly accounted for as districts are allowed to move employees in and out of units as staffing needs change (i.e. leave of absences, retirements, and new hires).
- A lack of reconciliation between the staffing plan and the payroll system
 - Examples of reconciling issues found by the inspection team included:
 - Employees who were listed on the staffing plan who were not actually paid with State funds according to the payroll system

¹ More information related to the September 30th Unit Count can be obtained by reviewing a previously issued Unit Count report on our website: <https://auditor.delaware.gov/reports/>.

² A general term for the school districts’ internal tracking of authorized positions.

³ Charter Schools, unlike school districts, receive a lump sum of State funds upon completion of the Unit Count. As such, charter schools are not in scope as it relates to the audit mandate.

- Employees who were not listed on the staffing plan who were actually paid with State funds according to the payroll system

The observations listed above posed significant challenges as we attempted to reconcile the entire school year. Once we realized that staffing plans could be infinitely changed and reconciling issues were prevalent, we opted to reconcile a single pay period. However, the observations noted above were still prevalent when reviewing a specific pay period. These observations were communicated to the districts throughout fieldwork as they were discovered.

Recommendations

During this engagement, the GEAR Board solicited recommendations from AOA related to cost saving opportunities found as a result of our work. AOA shared the challenges experienced with reconciling school district authorized positions which GEAR subsequently reported in the *Executive Order Number Four – Recommendations to Governor from the GEAR Board December 1, 2017*. GEAR’s recommendations included documenting and improving critical processes, specifically improvements in tracking authorized school district positions relative to unit counts. These improvements increase financial transparency and ensure that appropriate levels of financial controls are maintained or improved so that waste, fraud, and abuse are prevented, and the sharing of best practices statewide is enabled.⁴

The Department of Education, Office of Management and Budget, including Payroll Human Resources Statewide Technology, and the Controller General should work together to implement process improvements related to tracking authorized school district positions.

Next Steps

We are taking the above observations into consideration for future authorized positions engagements; as such, these reviews will focus on specific points of time rather than attempting to reconcile an entire fiscal year of data.

⁴ <https://gear.delaware.gov/wp-content/uploads/sites/103/2017/08/2017-12-1-GEAR-Annual-Report.pdf>