

SAVANNAH-CHATHAM COUNTY BOARD OF EDUCATION
Internal Audit Department



TO: Board of Education

THROUGH: M. Ann Levett, Ed.D., Superintendent
David Feliciano, Chief Data and Accountability Officer
Kurt Hetager, Chief Public Affairs and Administrative Services Officer
Stephanie Babcock-Wright, Executive Director, Coastal Empire Montessori Charter School
Dr. Latrisha Chattin, School Director, Susie King Taylor Community School
Barry Lollis, Interim School Director, Savannah Classical Academy
Patrick Rossiter, Principal, Tybee Island Maritime Academy
Kevin Wall, Principal, Oglethorpe Charter School

FROM: Marshall Withers, Senior Director, Internal Audit

DATE: Audit Committee Meeting Date (September 27, 2018)

SUBJECT: Internal Audit of Charter Schools

We have completed our Internal Audit of Charter Schools. Our audit report is presented in the sections listed below:

- I. AUDIT OBJECTIVES**
- II. AUDIT SCOPE**
- III. BACKGROUND**
- IV. AUDIT CONDITION**

Management's response to our report is attached in its entirety. In addition, the specific action that management has agreed to take in response to each

recommendation is included in the Management Action Plan, along with who is responsible for the action and when it will be completed.

I. AUDIT OBJECTIVES

Our audit was designed to meet specific objectives. Within those objectives, we focused on areas where we identified opportunities for improvement in self-reporting by Charter Schools. The objectives of our audit were as follows:

1. Evaluate if each Charter School is effectively self-reporting the information presented in the Annual Report to GaDOE for the year ended June 30, 2017.
2. Identify areas of improvement for each school in its completion of the Annual Report to GaDOE.

II. AUDIT SCOPE

The Audit of Charter Schools was added to the Internal Audit Department's Audit Plan at the request of management. The audit objectives are described in Section I.

As part of the audit process, we reviewed the Annual Reports filed with the GaDOE by the Charter Schools for the year ended June 30, 2017. Susie King Taylor Community School was not included in the scope of the audit as a report was not filed for this period as the school began operations for SY 17-18.

We conducted interviews with various personnel at each Charter School, including the principal/director of each school. We met onsite at each Charter School to discuss the audit process and to observe conditions as required by our audit program. We also reviewed documents from each Charter School and compared information reported in the Annual Report to source documents. We interviewed District personnel responsible for presenting information to the Board's Accountability Committee related to Charter Schools.

Our fieldwork was conducted during the period of February 2018 through June 2018.

Internal Audit conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Details of each area tested and recommendations for strengthening the internal controls in that area are listed below.

The Board's District Accountability System (DAS) lists five goals:

- I. To ensure all students are college and career ready.
- II. To provide a supportive learning environment that is conducive to teaching and learning.
- III. To maximize family and community engagement that contributes to the advancement of student success and community pride.
- IV. To build professional capacity in order to achieve a premier student-focused workforce.
- V. To maximize resource stewardship and fiscal responsibility by ensuring District resources are used efficiently, effectively, economically, and equitably (4E's).

At the end of each Condition statement, we have identified the DAS goals that are most likely affected by the findings identified in the Condition. Internal Audit has made recommendations to help support the achievement of these goals.

III. BACKGROUND

State Regulation 160-4-9-.06 mandates that Local Boards of Education are given additional monitoring and oversight responsibilities over Charter Schools. In order to partially address this requirement, District Management and the Board of Education asked the Internal Audit Department to perform selected internal auditing activities of charter schools as part of the 2017-2018 Internal Audit Plan. There are currently five charter schools in Chatham County:

1. Coastal Empire Montessori Charter School,
2. Oglethorpe Charter School,
3. Savannah Classical Academy,
4. Susie King Taylor Community School, and
5. Tybee Maritime Academy.

All Charter Schools are required by law to submit an Annual Report to the Georgia Department of Education by November 1 of each year. The report is very detailed and requires submission of five attachments and responses to over 1,000 individual line items. When completing the Annual Report to the GaDOE, each Charter School is asked to answer various types of questions. Some of the questions require specific information to be provided and other questions are of a more subjective nature.

The results of the Internal Audit will aid the Charter Schools in their completion of the Annual Report to GaDOE for the period ending June 30, 2018 as well as provide information requested as part of the Charter School Comprehensive Performance Framework and Chevron Reporting Template.

On March 27, 2018 the Board Accountability Committee approved the use of the Charter School Comprehensive Performance Framework and Chevron Reporting Template. These tools have been created to support the requirements of O.C.G.A. 20-2-2065 and School Board Rule 160-4-9-.06. The Board adopted the use of these items at its meeting on July 11, 2018.

IV. AUDIT CONDITION

Condition A.

Improvements are needed in the documentation maintained on site by each charter school related to the Annual Report filing and in the accuracy of the information filed in the Annual Report by each Charter School.

(DAS Goal V)

Details of Condition A

Administrative Regulation, IBB-R(0), Charter Schools states, "The charter applicant must demonstrate the ability, financial resources, expertise, and other resources necessary to manage successfully all aspects of a charter school."

The comments included in this report are pertinent to each one of the Charter Schools in the District. Certain items or discrepancies noted in a specific school's Annual Report to GaDOE were discussed with Charter School Management and are not included in this report. The comments listed herein will be pertinent to all the Charter Schools in the District.

The audit tests performed indicated the following:

- 1) Many of the questions included in the Annual Report asked, "Is there hard evidence available to support xxxxx?" At each of the schools reviewed, we asked to verify the hard evidence to support the "Yes" answer provided by the school. In most instances, hard evidence was provided, but in some cases the evidence could not be easily obtained. The nature of many of the questions made it very difficult to produce hard evidence or written documentation to support a "Yes" answer. There was not a central file at any of the schools that contained all documentation to support the answers for each of the questions included in the Annual Report to GaDOE.
- 2) We found in some instances, there were minor differences in amounts reported to amounts found in source documents. Percentages reported, or actual dates were sometimes not supported in the hard evidence.
- 3) In a few instances, questions remained blank or unanswered.
- 4) Charter Schools are required to have an Annual Financial Audit performed by an outside CPA firm. All four charter schools received an unqualified audit report

as part of their Audited Financial Statements for the year ended June 30, 2017. One of the questions in the GaDOE report asked, “for which of your audits did the report indicate you had received an unqualified audit?” The schools should have answered “1” for that question to indicate they had received unqualified audit reports . This question was either incorrectly answered or not answered by three of the Charter Schools.

In those instances where GaDOE asked for additional information, we were able to determine that the Charter Schools furnished the information to GaDOE as requested. The four Charter Schools met all of the annual GaDOE report filing deadlines for the year ended June 30, 2017.

On July 11, 2018, the Board approved Charter School Comprehensive Performance Framework. The framework consists of seven domains with each domain having several indicators and measures. The seven domains are 1) Academic Performance (State and Federal guidelines), 2) Academic Performance (Comparison to SCCPSS), 3) Learning Environment, 4) Financial Management, 5) Human Resource Management, 6) Operational Performance, and 7) Board Governance. There are a total of 30 specific indicators in the seven domains. The District’s Data and Accountability Office, in collaboration with the Charter Schools, is in the process of developing the data collection instrument that will outline the indicators the Charter Schools will be responsible for completing.

Recommendations for Condition A

Based on our findings we recommend that:
To Data and Accountability Division

1. The Data and Accountability Division complete its collaboration with the Charter Schools and finalize the development of the data collection instrument that will outline the indicators the Charter Schools will be responsible for completing, and the timelines as to when the Charter Schools should submit the information.

To Charter Schools (comments are relative for all five of the schools)

1. Beginning with compiling the information for the June 30, 2018 Annual Report to GaDOE the following steps are recommended:
 - a) Designate preparer(s) of the report and reviewer(s) of the report.
 - b) Maintain a file or notebook to include documentation to support any amounts, percentages, dates or other specific information included in the report filing. The file or notebook should also include supporting documentation for all line items where the

Charter School states that hard evidence is available to support answering "Yes" to a specific question.

- c) The individual(s) reviewing the report should ensure that such file or documentation exists.
2. Upon receipt of the instructions from the Data and Accountability Division, documentation provided by the Charter Schools should be consistent with that maintained for all state and local report filings.

MANAGEMENT ACTION PLAN
Audit of Charter Schools
Management's Response and Action Plan

Comment or Condition Description	Recommendation	Responsible Area(s)	Action	Current Estimated Completion
Condition A. Improvements are needed in the documentation maintained on site by each charter school related to the Annual Report filing and in the accuracy of the information filed in the Annual Report by each Charter School.				
<i>To Division of Data and Accountability</i>				
A.1.	The Data and Accountability Division complete its collaboration with the Charter Schools and finalize the development of the data collection instrument that will outline the indicators the Charter Schools will be responsible for completing, and the timelines as to when the Charter Schools should submit the information.	Accountability, Assessment, and RS (AARS)	The Comprehensive Performance Index Data Collection Instrument will be used to record points and overall scores for each indicator. The review of evidence and determination of points and scoring will be conducted by SCCPSS administrators or self reported by the charter school, depending on the indicator. Once the score has been determined for an indicator the responsible area(s) will report the score to AARS and AARS will record the score on the data collection instrument. The instrument will be reviewed with the Charter Schools and finalized. The responsible area will store and maintain evidence sources/artifacts if applicable. The data collection for reporting will occur in December.	October 2018
<i>To Coastal Empire Montessori Charter School</i>				
A.2.	a) Designate preparer(s) of the report and reviewer(s) of the report.	Preparer: School Director(with input from relevant subject-matter experts)/Reviewers: CFO and Head of Montessori Curriculum and Instruction	The School Director will complete the report, soliciting needed data as appropriate. The two reviewers will each review areas of the report for which they did not supply data.	Sept. 15, 2018
	b) Maintain a file or notebook to include documentation to support any amounts, percentages, dates or other specific information included in the report filing. The file or notebook should also include supporting documentation for all line items where the Charter School states that hard evidence is available to support answering "Yes" to a specific question.	School Director; all material, including that requested from subject-matter experts, will be catalogued in one place	The School Director will maintain the clearly-labeled binder/file(s) in the Director's office.	Material updated by October 24 annually, then ongoingly available
	c) The individual(s) reviewing the report should ensure that such file or documentation exists.	CFO and Head of Montessori Curriculum and Instruction	The School Director will share the binder/file(s) with the reviewers and allow them time for review and corroboration prior to report deadline.	By October 24 annually

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A.3.	Upon receipt of the instructions from the Data and Accountability Division, documentation provided by the Charter Schools should be consistent with that maintained for all state and local report filings.	School Director	The School Director will work with the SCCPSS to collaborate on and agree upon appropriate evidence for the multiple accountability reports required.	TBD
<i>To Susie King Taylor Community School</i>				
A.2.	a) Designate preparer(s) of the report and reviewer(s) of the report.	School Director, Board Clerk, CFO, and Chair of Student Success Committee	Each individual completes the portions applicable to their position. Each individual reviews other sections.	On or before Oct. 31, 2018
	b) Maintain a file or notebook to include documentation to support any amounts, percentages, dates or other specific information included in the report filing. The file or notebook should also include supporting documentation for all line items where the Charter School states that hard evidence is available to support answering "Yes" to a specific question.	School Director, Board Clerk, CFO, and Chair of Student Success Committee	Each school entity keeps files respective to their role in a school governance system accessible by the entire board.	On or before Oct. 31, 2018
	c) The individual(s) reviewing the report should ensure that such file or documentation exists.	School Director, Board Clerk, CFO, and Chair of Student Success Committee	Each school entity keeps files respective to their role in a school governance system accessible by the entire board.	On or before Oct. 31, 2018
A.3.	Upon receipt of the instructions from the Data and Accountability Division, documentation provided by the Charter Schools should be consistent with that maintained for all state and local report filings.	School Director	School Director will present documentation as requested.	As requested
<i>To Savannah Classical Academy</i>				
A.2.	a) Designate preparer(s) of the report and reviewer(s) of the report.	Barry Lollis, Sonia Henderson, Ivelisse Diaz	The preparer of a portion of the report will not be the reviewer of that portion.	Oct. 29, 2018
	b) Maintain a file or notebook to include documentation to support any amounts, percentages, dates or other specific information included in the report filing. The file or notebook should also include supporting documentation for all line items where the Charter School states that hard evidence is available to support answering "Yes" to a specific question.	Barry Lollis, Sonia Henderson, Ivelisse Diaz	The supporting documents will be kept in a secure location within the administrative office suite.	Oct. 29, 2018
	c) The individual(s) reviewing the report should ensure that such file or documentation exists.	Barry Lollis	The annual report will be presented to the SCA BOD for review as part of meeting State deadline.	Oct. 15, 2018

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Comment or Condition Description	Recommendation	Responsible Area(s)	Action	Current Estimated Completion
A.3.	Upon receipt of the instructions from the Data and Accountability Division, documentation provided by the Charter Schools should be consistent with that maintained for all state and local report filings.	TBD	TBD, Instructions from the DAD have not been given as of September 11, 2018	TBD, Pending A.1
<i>To Tybee Island Maritime Academy</i>				
A.2.	a) Designate preparer(s) of the report and reviewer(s) of the report.	Governing Board President, CFO, Treasurer, Principal and Governing Board	Governing Board President, CFO, Treasurer and Principal will prepare report. Governing Board President, CFO, Treasurer, Principal and entire Governing Board will review the report prior to submission. Notebook submitted should be returned to TIMA with notes.	Oct. 29, 2018
	b) Maintain a file or notebook to include documentation to support any amounts, percentages, dates or other specific information included in the report filing. The file or notebook should also include supporting documentation for all line items where the Charter School states that hard evidence is available to support answering "Yes" to a specific question.	Governing Board President, CFO, Treasurer, Principal and Governing Board	The supporting documentation will be kept in a secure location within the administrative office.	Oct. 29, 2018
	c) The individual(s) reviewing the report should ensure that such file or documentation exists.	Principal	Governing Board President, CFO, Treasurer, Principal and Governing Board will review the report to ensure that the file or documentation exists.	Oct. 29, 2018
A.3.	Upon receipt of the instructions from the Data and Accountability Division, documentation provided by the Charter Schools should be consistent with that maintained for all state and local report filings.	TBD	Documentation will be consistent with data maintained for all state and local report filings.	Oct. 29, 2018
<i>To Oglethorpe Charter School</i>				
A.2.	a) Designate preparer(s) of the report and reviewer(s) of the report.	Principal	Kevin Wall(Principal) will prepare report. Cathy Vogel(Account Specialist) will review financials. Sarita Grant(Enrollment/Information Specialist) will review enrollment. Lisa Grooms(Gov. Board President) will review entire report.	Oct. 29, 2018
	b) Maintain a file or notebook to include documentation to support any amounts, percentages, dates or other specific information included in the report filing. The file or notebook should also include supporting documentation for all line items where the Charter School states that hard evidence is available to support answering "Yes" to a specific question.	Principal	The file/notebook will be housed in the Principal's office. Cathy Vogel will provide hard evidence related to financials as well as Board Governance. Sarita Grant will provide all hard evidence related to enrollment data. Kevin Wall will provide all hard evidence for all other areas of the report with final review by Lisa Grooms.	Oct. 29, 2018
	c) The individual(s) reviewing the report should ensure that such file or documentation exists.	Principal	See above.	Oct. 29, 2018

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Comment or Condition Description	Recommendation	Responsible Area(s)	Action	Current Estimated Completion
A.3.	Upon receipt of the instructions from the Data and Accountability Division, documentation provided by the Charter Schools should be consistent with that maintained for all state and local report filings.	Principal	Oglethorpe will comply with all instructions from the Data and Accountability Division.	TBD, Pending A.1