



**MILWAUKEE
PUBLIC SCHOOLS**

Office of Board Governance – Audit Services

5225 W. Vliet St., Room 273, Milwaukee, WI 53208
(414) 475-8284 • Fax (414) 475-8071 • mps.milwaukee.k12.wi.us
governance@milwaukee.k12.wi.us

DATE: May 22, 2018

TO: Members of the Board of School Directors

From: Paul E. Geib *P.E.G.*

RE: Audit #2018-057: La Causa Charter School
Performance and Compliance Audit

C: Dr. Keith Posley
Dr. Jacqueline Mann
Mr. Tom Conjurski
Ms. LaWanda Baldwin
Ms. Marla Bronaugh
Mr. Michael Trueblood
Ms. Bridget Schock
Ms. Maria Ayala
Mr. Tom de Arteaga

Transmitted herewith is our report on *Audit #2018-057: La Causa Charter School - Performance and Compliance Audit*. If you have any questions regarding this report or would like the report to be placed on a committee agenda, please contact our office.

On behalf of the Audit Services' staff, we wish to thank the school staff and the MPS administration for their cooperation and assistance throughout the audit process.

Attachment

La Causa Charter School
Performance and Compliance Audit

Audit: #2018-057

May 2018



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**La Causa Charter School
Performance and Compliance Audit**

AUDIT: 2018-057

May 2018

**MILWAUKEE PUBLIC SCHOOLS
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Tom de Arteaga - Performance Auditor

Director of Education
Maria Ayala

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I. BACKGROUND

The Wisconsin Charter School Law, Statute 118.40, authorizes the Milwaukee Board of School Directors (Board) to establish by contract Milwaukee Public Schools (MPS) instrumentality and non-instrumentality charter schools. A charter school, as defined by the statute or Board policy, is a public school created by contract that shall (a) be exempt from the provisions of chapters 115 to 121 of the Wisconsin statutes, except as otherwise explicitly provided; (b) be nonsectarian in its programs, admission policies, employment practices, and all other operations; (c) be free from tuition and without mandatory fees, unless such fees are consistent with MPS policies; (d) not discriminate in admission or deny participation in any program or activity; (e) enroll students in the school on a purely voluntary basis; (f) give preference in admission to any pupil who resides within the attendance area; and (g) administer, at a minimum, the same proficiency and performance measures and assessments that are applied to other MPS schools. State statute 118.40 also defines a non-instrumentality charter school as a charter school in which the personnel are not employed by the school district.

On January 30, 2003, the Board granted the petition of La Causa Charter School (La Causa) to operate as a K4 through Grade 8 non-instrumentality charter school. The Board approved a five year contract on May 26, 2016 for the 2016-17 through 2020-21 school years.

State statute requires that a charter school must annually have a programmatic audit performed. To comply with statute, La Causa engaged the MPS Office of Board Governance – Audit Services (Audit Services) to conduct a performance and compliance audit.

II. SCOPE AND OBJECTIVES

The objective of this performance and compliance audit was to determine whether 1) La Causa met the academic performance criteria and 2) complied with the administrative and fiscal provisions set forth in the charter school contract between La Causa and MPS. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of our review included interviews and written confirmations with school and district staff along with an examination of evidence relating to contract academic and administrative performance requirements for the 2016-17 school year. Specific contract provisions examined included, but were not limited to, governance council membership and activities, methods of instruction and educational programs, parent involvement, student disciplinary and admission policies, special education, staff licensing, health and safety, financial management, audit, and grant requirements. In addition, the internal controls used at La Causa were reviewed to determine whether the controls were sufficient to ensure (a) the integrity of student data, (b) compliance with the administrative fiscal provisions of the contract, and (c) pupil membership audit results are fairly stated.

III. ACADEMIC PERFORMANCE

Academic Performance Conclusion

La Causa submitted its annual Pupil Academic Achievement Report attached as Exhibit I in February 2018. This report included all of the related school assessment data for the 11 *performance* criteria and 5 *other* criteria the school is mandated by contract to report. Of these assessments, nine *performance* and five *other* assessments were applicable to La Causa. The MPS Department of Innovation Development: Research and Evaluation provided the school's results for the average academic growth, attendance, mobility, stability, and local measures as well as the district results for all criteria. The data supplied by the MPS Department of Innovation Development: Research and Evaluation was not evaluated for accuracy by Audit Services. As such, we have not expressed an opinion on the accuracy of this data. Our evaluation of La Causa's academic performance results was limited to examining, on a test basis, the evidence that supports the reported outcomes for La Causa's Grades 4 and 8 promotion rates and Grade 3 through Grade 8 Wisconsin Forward Test.

According to the charter contract, schools are required to (1) demonstrate sufficient progress toward attaining the educational goals under sec. 118.01, or the academic performance criteria established by the Board, by achieving at least 75% of the 11 applicable *performance* criteria and (2) achieve all of the *other* applicable criteria.

La Causa achieved one of the above requirements. With respect to achieving 75% of the applicable performance assessment criteria, our examination determined that La Causa achieved one of nine, or 11%. With respect to achieving the criteria for all five of the other assessments, our examination determined that La Causa achieved the criteria for five, or 100%, of the "other" assessments. Specific information for each criterion is summarized below.

III. ACADEMIC PERFORMANCE

**Contract Performance Measures
Grades K4 through 8
2016-17**

Contract Measures	Additional-Early Childhood	Achieved		
		Yes	No	NA
1	Early Childhood Reading			NA
2	Early Childhood Writing			NA
3	Early Childhood Math			NA
	Additional- WKCE-CRT			
4	Forward Mathematics ELL*		X	
5	Forward English Language Arts ELL		X	
6	Forward Science ELL	X		
7	Forward Social Studies ELL		X	
8	Wisconsin Forward Reading (1)		X	
9	Wisconsin Forward Math (2)		X	
10	Wisconsin Forward English/language Arts (1)		X	
11	WKCE-CRT Writing			NA
12	Wisconsin Forward Science		X	
13	Wisconsin Forward Social Studies		X	
14	Growth in Student Achievement			NA
15	High School Graduation			NA
	Overall Summary- 1 of 9 or 11%			
	Other Criteria			
16	Attendance	X		
17	Mobility	X		
18	Promotion	X		
19	Stability	X		
20	Gap Measure	X		
21	Adequate Yearly Progress (AYP)			NA
	Overall Summary- 5 of 5 or 100%			

NA-indicates that the performance measure is not applicable to the school

* -indicates English Language Learner

Notes:

- (1) The Wisconsin State Assessment System (WSAS) replaced the Badger ELA assessments in the 2015-16 school year with the Wisconsin Forward ELA and it is reported as one assessment. This assessment was administered at Grades 3 through 8.
- (2) The Wisconsin State Assessment System (WSAS) replaced the Badger Math assessment in the 2015-16 school year with the Wisconsin Forward Math and this assessment was administered at Grades 3 through 8.

IV. ADMINISTRATIVE AND FISCAL PERFORMANCE

Contract Compliance Conclusion

The audit examination of La Causa’s compliance with the provisions of the contract dated May 26, 2016, between MPS and La Causa for the 2016-17 school year disclosed two instances of material noncompliance with the provisions of the contract. La Causa was found to be noncompliant with the contract provisions requiring 1) the school meet 100% of all Individuals with Disabilities Education Act (IDEA) requirements, and 2) background screening of all employees and volunteers be conducted prior to any contact with Charter School pupils.

Our examination also included a review of the internal controls designed to ensure compliance with the provisions of the contract. Except for the deficiencies in internal controls that contributed to the noncompliant issues above, we noted no matters involving controls over compliance that would be considered material in relation to contract compliance. In our opinion, except for the material non-compliance issues described in the above paragraph, La Causa has complied, in all material respects, with the provisions of the contract, and the pupil membership audit for the 2016-17 school year.

Table 1 reports the detailed results of our examination of La Causa’s compliance with the various provisions of the contract. Specific details including recommendations for those areas where compliance was not met are presented in the report section following the table.

Table 1
Summary Schedule of Contract Compliance and Performance

Contract Section	Contract Provision	Level of Compliance		
		Compliant	Material	Non-Compliant ⁽¹⁾ Non-Material
I. B	<ul style="list-style-type: none"> Ensure person in charge of school is the same as in contract. 	X		
I. C	<ul style="list-style-type: none"> Adhere to the educational program described in the petition. 	X		
I. D	<ul style="list-style-type: none"> Adhere to the methods of instruction described in the petition. 	X		
I. E	<ul style="list-style-type: none"> Administer the district-wide performance assessments. Ensure all pupils participated in the district-wide assessments. Ensure annual pupil academic achievement report is submitted to the Charter School Office within 30 days of the receipt of data. 	X X X		
I. F.	<ul style="list-style-type: none"> Comply with contract provisions for tax exempt status, articles of incorporation, and bylaws. 	X		

IV. ADMINISTRATIVE AND FISCAL PERFORMANCE

Contract Section	Contract Provision	Level of Compliance		
		Compliant	Non-Compliant ⁽¹⁾ Material Non-Material	
	<ul style="list-style-type: none"> Comply with the governance structure membership as described in the petition. 	X		
	<ul style="list-style-type: none"> Comply with the governance body authority and activities as described in the petition. 	X		
	<ul style="list-style-type: none"> Employs methods described in Appendix A to ensure parental involvement. 	X		
	<ul style="list-style-type: none"> Comply with Title I requirements concerning: <ul style="list-style-type: none"> ➤ Educational Plan requirements. ➤ Expending 2% on parental involvement. 	X X		
I. G	<ul style="list-style-type: none"> Ensure all instructional staff hold a current and appropriate license or permit to teach. Adhere to MPS Administrative Policy 3.09(18) regarding livable wage. 	X X		
I. H	<ul style="list-style-type: none"> Comply with Board policies and local, state and federal laws, regulations and codes that pertain to health and safety, specifically: <ul style="list-style-type: none"> ➤ Immunization requirements. 	X		
I. I	<ul style="list-style-type: none"> Comply with the contract regarding racial and ethnic balance. 	X		
I. J	<ul style="list-style-type: none"> Comply with Board policies and guidelines for pupil admission. Comply with the contract regarding all of the requirements of IDEA. Comply with the contract requirement to maintain a pupil database. 	X X	X	
I. K	<ul style="list-style-type: none"> Submit a budget in MPS approved format by April 30. 	X		

IV. ADMINISTRATIVE AND FISCAL PERFORMANCE

Contract Section	Contract Provision	Level of Compliance		
		Compliant	Non-Compliant ⁽¹⁾ Material	Non-Compliant ⁽¹⁾ Non-Material
	<ul style="list-style-type: none"> • Expend and account for funds in a manner consistent with the provisions of the contract and the annual operating budget and OMB-87. • Membership counts support contract payments received. 	X X		
	<ul style="list-style-type: none"> • Adhere to contract long-term debt requirements. • Charter school immediately reported all pending or threatened litigation. • Charter school submitted in odd number years an auditor's opinion relating to pupil eligibility composition. • Charter school filed a mid-year unaudited balance sheet and revenue/expense statement in MPS approved format by January 31 covering the period July 1 through December 31. • Charter school submitted an annual financial audit. 	X X X X		
	<ul style="list-style-type: none"> • Auditor examination of student membership count found count to be fairly stated in all material respects. 	X		
I. L	<ul style="list-style-type: none"> • Comply with MPS disciplinary and expulsion guidelines or comply with disciplinary guidelines approved by the Board. 	X		
I. N	<ul style="list-style-type: none"> • Adhere to Board's policy regarding: <ul style="list-style-type: none"> ➤ School facilities. 	X		
	<ul style="list-style-type: none"> ➤ Types and limits of liability insurance. 	X		

IV. ADMINISTRATIVE AND FISCAL PERFORMANCE

Contract Section	Contract Provision	Level of Compliance		
		Compliant	Non-Compliant ⁽¹⁾ Material Non-Material	
I. O	<ul style="list-style-type: none"> • Adhere to Board’s policy concerning: <ul style="list-style-type: none"> ➤ Code of Ethics and Gifts and Solicitations. ➤ Local, state, and federal laws, codes, rules, and regulations. 	X X		
I. P	<ul style="list-style-type: none"> • Adhere to nonsectarian requirements. 	X		
I. Q	<ul style="list-style-type: none"> • Adhere to no tuition charge requirement. • Did not prohibit an eligible pupil from attending the charter school, expel or otherwise discipline the pupil, or withhold or reduce the pupil’s grades because the pupil or pupil’s family cannot pay or has not paid fees that are permissible to be charged under this contract. 	X X		
I. R	<ul style="list-style-type: none"> • Adhere to non-discrimination policy. 	X		
I. S	<ul style="list-style-type: none"> • Adhere to Board’s policy concerning background checks performed on all full- and part-time employees and volunteers. 		X	
I. X	<ul style="list-style-type: none"> • Complied with MPS’s transportation policy or complied with the transportation policy that was approved by the Board. • Complied with MPS’s nutrition services policy or complied with the nutrition services policy that was approved by the Board. 	X X		
Appendix B	<ul style="list-style-type: none"> • Complied with MPS policies, procedures, and requirements. 	X		

⁽¹⁾ Material and non-material compliance determined in accordance with MPS Audit Services’ Schedule of Materiality Limits for Determining Contract Compliance.

IV. ADMINISTRATIVE AND FISCAL PERFORMANCE

Material Issues of Non-Compliance

Special Educational Services (Carried Over since FY15)

1. Audit Finding

The school must be 100% compliant with all the Individuals with Disabilities Education Act (IDEA) laws and regulations. Based on a review by the Regional Coordinator of Specialized Services, the school was not 100% complaint with all the laws and regulations of IDEA. The school's non-compliance with IDEA may subject the district to legal actions and loss of IDEA funding and the school to possible non-renewal of their Charter School contract.

Recommendation

To ensure compliance with IDEA, it is recommended that the school leader develop improvement plans for Procedural Compliance Self Assessments, and assures that training and oversight is implemented in all areas where they were evaluated as less than 100% compliant. These plans and actions should be incorporated into the School's Improvement Plan.

Response

The RDA-Procedural Compliance Self-Assessment indicated that our school did not achieve a 100% overall rating. This year, schools participated in a "pilot" audit and utilized the new standards and forms that the district provided. Some of the forms did not work properly therefore, some of the information was entered incorrectly or was not entered at all. We worked closely with the MPS special education supervisor and all errors were corrected as soon as we were notified.

We will continue to work closely with the MPS Special Education Department to ensure that IEP's are completed correctly and, if any errors occur, they are corrected in a timely manner.

Background Screening (Carried Over since FY15)

2. Audit Finding

Section I.S of the charter contract states that the Charter School shall perform background screening through the MPS Department of Human Resources on all Charter School full and part-time employees and volunteers. Furthermore, Charter School shall not allow any employee or volunteer to have contact with pupils until Charter School, in consultation with the MPS Department of Human Resources, investigates and determines that there is nothing in the background of the employee or the volunteer which would render the employee or volunteer unfit to have contact with pupils of Charter School, including, but not limited to, conviction of a criminal offense or pending charges which substantially relate to the duties and responsibilities assigned to the employee and/or volunteer.

Review of the La Causa staff roster for the 2016-17 school year revealed that a background check for one individual was not conducted prior to being hired.

IV. ADMINISTRATIVE AND FISCAL PERFORMANCE

Recommendation:

La Causa should ensure MPS conducts background screening for all employees prior to their contact with students.

Response

La Causa, Inc. will continue to ensure that all background screenings are completed for all employees prior to their contact with students, including Food Service, Facilities and the IT Department Staff. Background checks for staff that were not completed may have been the result of a staff member being hired and/or employed by La Causa, Inc. prior to the existence of the Charter School. All employee files for staff at the Charter School, including Food Service, Facilities and the IT Department Staff, will be audited internally by May 31, 2018, to verify that all files have an MPS background check that is “cleared for hire.”

State Accountability Assessment (1-6)

Achieve a percentage of pupils in Charter School scoring proficient or advanced on the Wisconsin State Assessment System tests (WSAS) in **reading, mathematics, English Language Arts, writing, science, and social studies** that is the same as, or higher than, the percentage of pupils scoring proficient or advanced in corresponding grades in all MPS schools.

Subject	Year	Population Type	Tested	No. Proficient	Prof. Rate	Dist. Prof. Rate	Met Goal
Forward Mathematics	2016-2017	FAY	483	52	10.8%	15.9%	No
Forward ELA	2016-2017	FAY	483	78	16.1%	20.9%	No
Forward Science	2016-2017	FAY	160	31	19.4%	21.2%	No
Forward Social Studies	2016-2017	FAY	160	25	15.6%	24.0%	No

*English Language Arts and reading and writing are now one test called ELA. The results are reported as one assessment.

Attendance Rate (7)

Achieve a daily attendance rate of pupils in Charter School that is the same as, or higher than, the average daily attendance rate of pupils in corresponding grades in all MPS schools.

Year	Attendance Rate	Dist. Rate	Met Goal
2016-2017	93.4%	91.1%	Yes

Mobility Rate (8)

Achieve a mobility rate of pupils in Charter School that is the same as, or lower than, the mobility rate of pupils in corresponding grades in all MPS schools.

Year	Mobility Rate	Dist. Rate	Met Goal
2016-2017	1.8%	11.3%	Yes

Stability Rate (9)

Achieve a stability rate of pupils in Charter School that is the same as, or higher than, the stability rate of pupils in corresponding grades in all MPS schools.

Year	Stability Rate	Dist. Rate	Met Goal
2016-2017	91.5%	77.4%	Yes

Promotion Rate (10)

Achieve a percentage of pupils promoted from grades 4 and 8 in Charter School that is the same as, or higher than, the percentage of pupils being promoted from the corresponding grades in all MPS schools.

Year	Enrolled 4th	Promoted 4th	School Pct. 4th	District Pct. 4th	Met 4th Goal
2016-2017	85	85	100.0%	99.6%	Yes

Year	Enrolled 8th	Promoted 8th	School Pct. 8th	District Pct. 8th	Met 8th Goal
2016-2017	50	50	100.0%	99.7%	Yes

AMO Not Applicable (11)

Meet or exceed the state's minimum annual measurable objective requirements

Achievement ELL State Accountability Assessment (12-17)

Achieve a percentage of pupils in Charter School scoring proficient or advanced on the Wisconsin State Assessment System (WSAS) tests in reading, mathematics, English/Language Arts, writing, science, and social studies that is the same as or higher than, the percentage of pupils scoring proficient or advanced in the corresponding grades and **comparable ELL student populations** in all MPS schools.

Subject	Year	Population Type	Tested	No. Proficient	Prof. Rate	Dist. Prof. Rate	Met Goal
Forward Mathematics	2016-2017	ELL ETT	255	14	5.5%	8.0%	No
Forward ELA	2016-2017	ELL ETT	255	8	3.1%	6.1%	No
Forward Science	2016-2017	ELL ETT	87	12	13.8%	8.0%	Yes
Forward Social Studies	2016-2017	ELL ETT	87	3	3.4%	9.3%	No

*English Language Arts and reading and writing are now one test called ELA. The results are reported as one assessment.

GAP Closure (18)

Year	Subject	School Gap Closure	Goal	Met Goal
2016-2017	Reading	-26.3%	-10.0%	Yes
206-2017	Mathematics	-28.0%	-10.0%	Yes