STATE OF DELAWARE

OFFICE OF AUDITOR OF ACCOUNTS

ACADEMY OF DOVER CHARTER SCHOOL STUDENT ACCOUNTING AND ENROLLMENT

AGREED-UPON PROCEDURES ENGAGEMENT

SEPTEMBER 30, 2006

FIELDWORK END DATE: JANUARY 11, 2007

R. THOMAS WAGNER, JR., CFE, CGFM, CICA
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TABLE OF CONTENTS

Independent Accountant's Report	1
Schedule of Findings	3
Dollar Impact	6
Distribution of Report	7

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Mr. Leonard Litzi
Principal
Academy of Dover Charter School
104 Saulsbury Road
Dover, DE 19904

We have performed the procedures enumerated below, which were agreed to by Academy of Dover Charter School (the School) and the Department of Education (DOE). The procedures were performed solely to assist the specified parties in evaluating the School's compliance with laws and regulations in regard to Student Accounting and Enrollment as of September 30, 2006. Management is responsible for the School's compliance with those requirements.

This agreed-upon procedures engagement was performed 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. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures were as follows:

1. Determine if the School's policies and procedures for preparing, reviewing, and reporting the September 30th student count are adequate.

2. Determine if the School properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

3. Select ten percent or a minimum of five "Individualized Education Program" (IEP) files at the School and verify that each file contains the required documentation in accordance with the DOE's Administrative Manual for Special Education Services. Calculate the dollar impact of disallowed services, if applicable.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the School and the DOE and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, and Department of Finance.

R. Thomas Wagner, Jr., CFE, CGFM, CICA
Auditor of Accounts
Office of Auditor of Accounts

January 11, 2007

SCHEDULE OF FINDINGS

Procedure Agreed Upon #1

Determine if the School's policies and procedures for preparing, reviewing, and reporting the September 30th student count are adequate.

Finding

The School does not have sufficient written policies and procedures governing the preparation, review, and reporting of the September 30th student count.

The State of Delaware *Budget and Accounting Manual* states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Additionally, the *Manual* states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met." Written policies and procedures generally provide (1) an understanding of an entity's objectives, (2) a basis for training new personnel, (3) a means of communicating common information, (4) a source of information about accounting controls, and (5) a source of information that will aid in providing continuity in the event experienced personnel leave.

Numerous changes occurring within the School contributed to administration overlooking the sufficiency of the policies and procedures. Lack of sufficient polices and procedures results in increased risk of inaccurate reporting of the September 30th student count as well as inadequate support for enrollment numbers.

Recommendation

The School further develop and implement in-house written policies and procedures governing the preparation, review, and reporting of the September 30th student enrollment figures to DOE. These policies and procedures should incorporate information such as:

- Staff roles, including reconciliation and management review
- Timelines/deadlines
- Record retention policy
- Gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound, placement in an alternative education setting, engineering, etc.)
- How the School ensures that required information is included on IEP's (necessary signatures, goals, benchmarks and objectives, etc.)

Auditee Response

We agree with the recommendation and we will be writing our in-house policies & procedures governing the preparation, review, and reporting of the September 30th student enrollment to DOE. We will include all the bulleted recommendations and we will review the check list from Martha Brooks. Also we will use the questions sent to us from the auditor's office regarding policies and procedures.

SCHEDULE OF FINDINGS

Procedure Agreed Upon #2

Determine if the School properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

Finding

The School improperly reported September 30, 2006 enrollment figures to DOE. Two students were reported in the incorrect grade.

The Delaware Department of Education's manual entitled *2006 Summary of Delaware Code and Department of Education Regulations for Student Accounting for the September 30th Enrollment and Unit Computation* (Manual) includes requirements for reporting of student enrollment. One of these requirements is proper reporting by grade.

Duplication of records coupled with lack of communication resulted in inaccurate reporting of enrollment figures. The inaccurate reporting had no impact on units or funding.

Recommendation

The School implement reconciliation controls to assist in accurate reporting of September 30th enrollment figures.

Auditee Response

We agree with the findings that two students were reported in incorrect grades. This was our first year with eSchool. Due to the new reporting procedure two students were reported in the correct grade in eschool but incorrect on our former method of using the excel spreadsheet. The person responsible for record keeping on eSchool thought the excel spreadsheet was obsolete and did not inform the other person of the change. We will implement reconciliation controls to assist in accurate reporting of our September 30th enrollment figures including no longer using the excel format.

Procedure Agreed Upon #3

Select ten percent or a minimum of five "Individualized Education Program" (IEP) files at the School and verify that each file contains the required documentation in accordance with the DOE's Administrative Manual for Special Education Services. Calculate the dollar impact of disallowed services, if applicable.

Finding

The School reported one special education student in the incorrect disability category. The student's Individualized Education Plan (IEP) listed two disabilities; the School reported the student by the second disability.

SCHEDULE OF FINDINGS

Department of Education's (DOE) *2006 Summary of Delaware Code and Department of Education Regulations for Student Accounting for the September 30th Enrollment and Unit Computation* states, "Students with multiple disabilities are reported in the category that corresponds to their major eligibility category." A memorandum from DOE dated August 24, 2004 states, "For unit count purposes, a student may only be counted as the first disability listed on the IEP form."

Noncompliance with DOE regulations resulted in inaccurate reporting of enrollment figures and over-reporting of units earned. DOE subsequently withheld $66,654 in State funding as a result of the error.

Recommendation

The School comply with Department of Education's regulations related to September 30th student enrollment.

Auditee Response

Academy of Dover agrees with the finding that one student was listed on the September 30 count by the second classification on his IEP. This student has been serviced successfully as a Learning Disabled student in his Inclusion classroom. The annual IEP meeting was held last spring with the parent and a requested change of classification was made, due in part to the type of service he was receiving and results of the most recent triennial evaluation, where the student was found to be two (2) or more years below his instructional level in all areas. Unfortunately, there is no evidence of an "Evaluation Summary Report" in this student's IEP. When reviewing this situation with staff from the Special Education department of DOE, it appeared they understood the error and allowed the change in classification based on the above information.

DOLLAR IMPACT

The following dollar impacts were identified as a result of applying the specified agreed upon procedures:

Procedure Agreed Upon #3 Noncompliance with DOE regulations resulted in inaccurate reporting of enrollment figures and over-reporting of units earned. DOE subsequently withheld $66,654 in State funding as a result of the error.	$66,654

DISTRIBUTION OF REPORT

Copies of the School's Agreed-Upon Procedures Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Richard S. Cordrey, Secretary, Department of Finance
The Honorable Jennifer W. Davis, Director, Office of Management and Budget
Ms. Trisha Neely, Director, Division of Accounting, Department of Finance
The Honorable Valerie A. Woodruff, Secretary, Department of Education

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph Biden III, Attorney General, Office of the Attorney General

Other

Mr. Leonard Litzi, Principal, Academy of Dover Charter School
Ms. Ruby L. Coppadge, President, Board of Education, Academy of Dover Charter School