

MCBRIDE SHOPA & COMPANY, P.A.

**CAESAR RODNEY SCHOOL DISTRICT
CONSTRUCTION PROJECTS**

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

JUNE 30, 2008

FIELDWORK END DATE: FEBRUARY 25, 2009

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Kevin Fitzgerald, Ed. D.
Superintendent
Caesar Rodney School District
219 Old North Rd
Wyoming, DE 19934-1252

The Honorable Dr. Lillian Lowery,
Secretary, Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19901

We have performed the procedures enumerated below, which were agreed to by Caesar Rodney School District, the Office of Auditor of Accounts, and the State of Delaware Department of Education on the District's construction projects. The procedures were performed solely to assist the specified parties in evaluating the School District's compliance with criteria from the State of Delaware Fixed Asset Policy Manual, the State of Delaware Department of Education Construction Technical Assistance Manual, the Delaware Code, and the State of Delaware Budget and Accounting Manual. Caesar Rodney School District's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards* (2003), 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 the 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 and findings are as follows:

1. Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

2. Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Our procedures disclosed two instances of noncompliance (Findings 08-1 and 08-2) that resulted in findings and recommendations. See *Appendix A* for detail regarding findings, including our recommendation and management's responses.

Thomas John Shopa, CPA, CFP, CVA
Charles H. Elter, CPA
Robert S. Smith, CPA
Ronald E. Derr, CPA
George G. Fournaris, CPA, CGFM

Donald S. Emenheiser, CPA, CFP, MBA
Edward T. Gallagher, CPA, CIA
Dana L. Ketterer, CPA
Clyde G. Hartman, CPA/ABV, CFE, CVA
Jean D. Lloyd, CPA
Scott G. Sipple, Jr., CPA
Alison L. Houck, CPA
W. Mark Cullen, CPA
Emilio I. Rana, Jr., CPA (PA)(CA)
Kelly S. Klepacki, CPA

Members of:
American Institute of CPA's
Private Companies Practice Section
Delaware Society of CPA's

Certified Public Accountants

270 Presidential Drive
Wilmington, DE 19807
(302) 656-5500
(302) 656-8024 Fax

37212 Rehoboth Avenue Ext.
Rehoboth Beach, DE 19971
(302) 227-4872
(302) 227-4873 Fax
www.mcbrideshopa.com

3. Determine if expenditures are accurately stated and are made in accordance with the State Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the Local Board of Education.

Our procedures disclosed no instance of noncompliance that resulted in findings and recommendations.

4. Determine whether the School District's construction project records and files include only active construction projects as of June 30 of the Current Fiscal Year. Ensure that completed projects have been appropriately closed out of construction and added to the State Fixed Asset system.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations

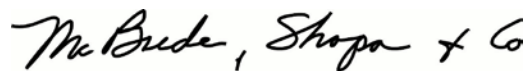
5. Prepare the School District's Schedule of Construction Projects for Fiscal Year 2008.

See Appendix C.

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 Caesar Rodney School District management and Board Members 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, Department of Finance, the State Treasurer's Office, and the Office of Auditor of Accounts.

Sincerely,



Wilmington, Delaware
February 25, 2009

SCHEDULE OF FINDINGS & RECOMMENDATIONS

APPENDIX A

Procedure Agreed Upon #1:

Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

Finding:

None

Recommendation:

Not applicable

School District Response:

Not applicable

Procedure Agreed Upon #2:

Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Finding: 08-1

The Code for the State of Delaware, Title 29, Section 6903 (b) states "that each contract entered into by an agency for professional services shall contain a prohibition against contingency fees." Caesar Rodney School District has professional services contract with its architects for each of its construction projects. Each of these contracts has an addendum – **Attachment "A" Owner and Architect Agreement B151**. The addendum states "this attachment amends AIA Document B151-1997 as follows: Section 6904, Chapter 29 of the Delaware Code requires a 'prohibition against contingent fees' statements." This addendum states the wrong code section in the first amendment. The code section should be Section 6903, not Section 6904. This addendum comes directly from the Division of Facilities Management. This misstatement may cause confusion in the architect's contract as to which code section is being referenced. Code section 6903 refers to violations and penalties, section 6904 refers to exceptions. This misstatement can be seen in all the architect contracts signed over the last several years.

Recommendation:

The District should work with the Division of Facilities Management to revise **Attachment "A" Owner and Architect Agreement B151** to reference Section 6903 rather than Section 6904 of the Delaware Code.

School District Response:

The Caesar Rodney School District uses the addendum titled, Attachment "A" Owner and Architect Agreement B151, which is provided by the Division of Facilities Management. The District does not have the authority to modify the addendum, and cannot correct the referenced code section. The District defers to the Division of Facilities and Management for corrective action.

SCHEDULE OF FINDINGS & RECOMMENDATIONS

APPENDIX A

Finding: 08-2

The Code for the State of Delaware, Title 29, Section 6903 (b) states “that each contract entered into by an agency for professional services shall contain a prohibition against contingency fees.” Caesar Rodney School District has a professional services contract with a Construction Manager for its school construction projects. These professional services contracts were approved by the Division of Facilities Management (DFM), but they do not contain the prohibition clause against contingency fees. Without this clause, the Construction Manager may pay or agree to pay contingency fees to any person, company, or corporation. This was an oversight by Facilities Management not to require the contracts for construction managers to contain the clause prohibiting contingency fees.

Recommendation:

The School District should consult with the Division of Facilities Management to include the clause that contains the prohibition against contingency fees in all Construction Manager Contracts.

School District Response:

The Caesar Rodney School District will continue to submit Construction Management professional services contracts to the Division of Facilities and Management (DFM) for approval, and will consult with DFM on the use of an attachment that will include a clause that contains the prohibition against contingency fees in all Construction Management Contracts.

Procedure Agreed Upon #3:

Determine if expenditures are accurately stated and are made in accordance with the State Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the Local Board of Education.

Finding:

None

Recommendation:

Not applicable

School District Response:

Not applicable

SCHEDULE OF FINDINGS & RECOMMENDATIONS

APPENDIX A

Procedure Agreed Upon #4:

Determine whether the School District's construction project records and files include only active construction projects as of June 30 of the Current Fiscal Year. Ensure that completed projects have been appropriately closed out of construction and added to the State Fixed Asset system.

Finding:

None

Recommendation:

Not applicable

School District Response:

Not applicable

SCHEDULE OF PRIOR YEAR FINDINGS

APPENDIX B

The following schedule summarized the prior year findings and the status of the prior year findings.

Prior Year Finding	Recommendation	Status of Prior Year Finding
None		

Status Key:

Implemented

The concern has been addressed by implementing the original or an alternate corrective action.

Not Implemented

The corrective action has not been initiated

Partially Implemented

The corrective action has been initiated but is not complete and the auditor has reason to believe management fully intends to address the concern.

SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

Project Name	Fiscal Year	Original Funding Amount	De-Auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent of 6/30/08
Mcllvaine Early Childhood Center Renovations	2008	3,882,500		3,882,500	973,030		973,030	2,909,470
Reily Brown ES Renovation	2008	3,545,500		3,545,500	25,979		25,979	3,519,521
TOTAL		7,428,000	-	7,428,000	999,009	-	999,009	6,428,991

Copies of Caesar Rodney School District's Agreed-upon Procedures Attestation Engagement will be distributed to the following public officials:

Executive Branch

The Honorable Jack A. Markell, Governor, State of Delaware
The Honorable Gary M. Pfeiffer, Secretary, Department of Finance
The Honorable Ann S. Visalli, Director, Office of Management and Budget
The Honorable Dr. Lillian Lowery, Secretary, Department of Education
Ms. Trisha Neely, Director, Division of Accounting

Legislative Branch

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

Other Elective Offices

The Honorable Joseph R. Biden, III, Attorney General, Office of the Attorney General
The Honorable Velda Jones-Potter, Treasurer, State Treasurer's Office
The Honorable R. Thomas Wagner, Jr., State Auditor, Office of Auditor of Accounts

Other

Dr. Kevin Fitzgerald, Superintendent, Caesar Rodney School District
Ms. Ada Twitchell, Business & Finance Director, Caesar Rodney School District
Ms. Dorcell S. Spence, Associate Secretary, Finance and Administrative Services Branch, Department of Education