THE CHARTER SCHOOL OF WILMINGTON

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Lillian M. Lowery
Secretary, Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Ronald R. Russo, JD
President
The Charter School of Wilmington
100 N. Dupont Rd.
Wilmington, DE 19807

Dear Secretary Lowery and Mr. Russo:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and The Charter School of Wilmington (School) solely to assist you, the specified parties in evaluating the compliance and effectiveness of the School's internal control over compliance with DE Admin Code Title 14 Subsections 701 and 925. Procedures were performed for student accounting and enrollment as of September 30, 2008. Management is responsible for the School's internal control over compliance with the requirements related to the above areas.

This agreed-upon procedures attestation 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 the 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:

STUDENT ENROLLMENT

Agreed-Upon Procedure Number 1: Determine if the School's policies and procedures for preparing, reviewing and reporting the September 30 student count are adequate.

Finding:

Criteria

The State of Delaware Budget and Accounting Policy Manual states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Further, the manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met." State of Delaware regulations provide guidance on processes it considers necessary for adequate written internal controls over preparing, reviewing and reporting the September 30 student count.

Agreed-Upon Procedure Number 1 - Continued:

Condition

We obtained the School's written policies and procedures regarding the September 30 student count. Our review determined that the School failed to implement specific procedures regarding the determination of eligibility for homebound, homeless, out-of-school suspension and alternative placement students in the September 30 student count. Furthermore, the School failed to include a retention period for their September 30 student count audit file. These procedures are processes the State of Delaware considers necessary for adequate written internal controls over preparing, reviewing and reporting the September 30 student count.

Cause

The School does not encounter the types of student situations described above on a regular basis. As a result, the determination of eligibility regarding these students was overlooked during the development of the School's September 30 student count written policies and procedures.

Effect

Incomplete written policies and procedures create a greater risk of noncompliance with DE Code and the DOE regulations and guidelines including reporting students to the DOE during the September 30 student count.

Recommendation: It is our recommendation that the School's current written policies and procedures be expanded to include the following:

- Policies and procedures in regard to gathering and maintaining documentation that supports attendance and eligibility for inclusion in reported enrollment figures for homeless, homebound, out-of-school suspension and alternative placement students
- Retention policy of records supporting the September 30 student count (September 30 audit file)

School Response: The School is in agreement with the above finding and recommendation.

Agreed-Upon Procedure Number 2: Determine if the School properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

Finding:

Criteria

State of Delaware Administrative Code Title 14 Chapter 700 Subsection 701 entitled "Unit Count"

Condition

While performing the procedure above, we found the School reported enrollment figures to the DOE in accordance with State of Delaware Administrative Code Title 14 Chapter 700 Subsection 701.

Agreed-Upon Procedure Number 3: Select ten percent (10%) or a minimum of five "Individualized Education Program" (IEP) files at each school to verify that each file contains the required documentation in accordance with

Agreed-Upon Procedure Number 3 - Continued: the DOE's Administrative Manual for Special Education Services (AMSES) and calculate the dollar impact of disallowed students, if applicable.

Finding:

Criteria

State of Delaware Administrative Code Title 14 Chapter 900 Subsection 925 entitled "Children with Disabilities Subpart D, Evaluations, Eligibility Determination, Individualized Education Programs"

Condition

While performing the procedure above, we found all files selected contained the required documentation in accordance with the DOE's Administrative Manual for Special Education Services.

Agreed-Upon Procedure Number 4: Select ten percent (10%) or a minimum of five students enrolled in the Cooperative Education and Diversified Education Programs and confirm that the students' files contain the required documentation in accordance with the DOE's Administrative Directives and calculate the dollar impact of disallowed students, if applicable.

Finding:

Criteria

State of Delaware Administrative Code Title 14 Chapter 500 Subsection 525 entitled "Requirements for Career Technical Education Programs"

Condition

The School does not maintain Cooperative Education or Diversified Education Programs.

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 DOE and the School 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 Auditor of Accounts, Office of the Governor, Office of Controller General, Office of Attorney General, Office of Management and Budget, and Secretary of Finance.

Belfint, Lyons & Shuman, P.A.

February 5, 2009
Wilmington, Delaware