

EASTSIDE CHARTER SCHOOL

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING
AGREED-UPON PROCEDURES

STUDENT ACCOUNTING AND ENROLLMENT
AS OF SEPTEMBER 30, 2010

Issuance Date: May 5, 2011

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Independent Accountants' Report on Applying Agreed-Upon Procedures

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

Mrs. Dominique Taylor
Head of School
EastSide Charter School
3000 North Claymont Street
Wilmington, DE 19802

Dear Secretary Lowery and Mrs. Taylor:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and EastSide Charter School (School) solely to assist you, the specified parties in evaluating the compliance and effectiveness of the School's internal control over compliance with *Delaware Administrative Code*, Title 14, Subsections 525, 701, and 925. Procedures were performed for student accounting and enrollment as of September 30, 2010. 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.

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

Agreed-Upon Procedure Number 1 - continued:

Criteria - continued

necessary for adequate written internal controls over preparing, reviewing and reporting the September 30 student count. Additional guidance is outlined in the *DOE's Instructions for Unit Count Reporting in eSchoolPlus* dated July 2010, and the *2010 Summary of Delaware Code and Department of Education Regulations for Student Accounting for the September 30th Enrollment and Unit Computation*.

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 who is responsible for accumulating and maintaining documentation for students who enter school during the ten-day count period. Furthermore, the School failed to implement specific procedures regarding who is responsible for accumulating and maintaining documentation for students placed in alternative programs or outside agencies during the ten-day count period.

Cause

School oversight and lack of awareness resulted in the above condition.

Effect

Incomplete written policies and procedures create a greater risk of noncompliance with *Delaware Code* and DOE regulations and guidelines.

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 who is responsible for accumulating and maintaining documentation for students who enter school during the ten-day count period.
- Policies and procedures regarding obtaining and maintaining adequate documentation supporting the eligibility of students that are placed in alternative programs during the ten-day count period.

School Response: The EastSide Charter School Unit Count Record Keeping Policies and Procedures, page 2, clearly outlines responsibilities for collecting and maintaining student enrollment records. Classroom teachers must maintain and turn in attendance verification sheets, class attendance rosters and parent phone call logs. The Special Education Coordinator is charged with review and maintenance of all Special Education records. The Administrative Assistant collects all records, monitors data for accuracy, and maintains the enrollment audit file. All enrollment materials ultimately reside with the Administrative Assistant, including those for students in alternative placements. EastSide Charter School did not fail to implement any of these procedures or policies.

Agreed-Upon Procedure Number 1 - continued:

Accountant Response: Our above finding and recommendation remain unchanged as the policy manual gives no specific position responsibility for maintaining documentation of students who enter School during the count period and for determining the eligibility of students placed in outside/alternative programs during the count period.

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.

Criteria

Delaware Administrative Code, Title 14, Chapter 700, Subsection 701 entitled “Unit Count” mandates each school to assemble a comprehensive enrollment file that contains all necessary support materials to substantiate the enrollments reported. For students not in attendance at school during the last 10 school days of September during which students are required to be in attendance, specific information shall be on file to substantiate their inclusion in the enrollment count.

Condition

We obtained documentation from the School including attendance registers and other support to determine if students were properly included in or excluded from the enrollment figures. During our procedures, we found the School properly reported an enrollment figure of 388 students to the DOE.

Agreed-Upon Procedure Number 3: Select ten percent (10%) or a minimum of five “Individualized Education Program” (IEP) files at the School to verify that each file contains the required documentation in accordance with the DOE’s Special Education Regulations 922-929. Calculate the dollar impact of disallowed students, if applicable.

Criteria

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

Condition

We selected a total of seven IEP files. All files contained the required documentation in accordance with *Delaware Administrative Code*, Title 14, Chapter 900, Subsection 925.

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.

Agreed-Upon Procedure Number 4 - continued:

Criteria

Delaware Administrative Code, Title 14, Chapter 500, Subsection 525 entitled “Requirements for Career and Technical Education Programs”

Condition

The School did not provide Cooperative Education or Diversified Education Programs during the September 30, 2010, student count; therefore, these procedures were not 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 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 the Controller General, Office of the Attorney General, Office of Management and Budget, the Department of Finance, and the Office of the State Treasurer.

Bellini, Lyons & Shuman, P.A.

January 24, 2011
Wilmington, Delaware

Distribution of Report

Copies of this report have been distributed to the following public officials:

Executive Branch

The Honorable Jack A. Markell, Governor, State of Delaware
The Honorable Thomas J. Cook, Secretary, Department of Finance
The Honorable Ann S. Visalli, Director, Office of Management and Budget
Mr. Kristopher Knight, Director, Division of Accounting, Department of Finance
The Honorable Lillian Lowery, Ed.D., Secretary, Department of Education
Ms. Karen Field Rogers, Associate Secretary, Financial Reform and Resource Management, Department of Education
Mr. Robert Czeizinger, Director, Technology Resources and Data Development, Department of Education
Ms. Emily Falcon, Director, Financial Reform and Resource Management, Department of Education
The Honorable R. Thomas Wagner, Jr., State Auditor, Office of Auditor of Accounts

Legislative Branch

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

Other Elective Offices

The Honorable Joseph R. Biden, III, Attorney General, Office of the Attorney General
The Honorable Chipman Flowers, Jr., Esq., Treasurer, Office of the State Treasurer

Other

Mr. Charles S McDowell, Esq., Board of Directors Chairman, EastSide Charter School
Mr. Rodman Ward, III, Board of Directors Vice Chairman, EastSide Charter School
Mrs. Dominique Taylor, Head of School, EastSide Charter School

This report can be accessed online through the Auditor of Accounts (AOA) website at <http://auditor.delaware.gov>.