POLYTECH SCHOOL DISTRICT

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

STUDENT ACCOUNTING AND ENROLLMENT AS OF SEPTEMBER 30, 2011

AUTHORIZED POSITIONS AND OCCUPATIONAL - VOCATIONAL FUNDS, FISCAL YEAR ENDED JUNE 30, 2011

Report Issued: March 13, 2012

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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

Deborah Zych, Ed.D.
Superintendent
Polytech School District
823 Walnut Shade Road
Woodside, DE 19980

Dear Secretary Lowery and Dr. Zych:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and Polytech School District (District) solely to assist you, the specified parties, in evaluating the compliance and effectiveness of the District's internal control over compliance with *Delaware Code,* Title 14, Chapters 13 and 17, Senate Bill 385 and *Delaware Administrative Code,* Title 14, Subsections 525, 701 and 925. Procedures were performed for student accounting and enrollment as of September 30, 2011. In addition, procedures were performed for authorized positions and occupational-vocational unit Division II funding for Fiscal Year ended June 30, 2011. Management is responsible for the District'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 District'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

Agreed-Upon Procedure Number 1-continued:

Criteria-continued

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. Additional guidance is outlined in the DOE's *Instructions for Unit Count Reporting in eSchoolPlus* dated July 2011, and the *2011 Summary of Delaware Code and Department of Education Regulations for Student Accounting for the September 30th Enrollment and Unit Computation.*

Condition

We obtained the District's written policies and procedures regarding the September 30 student count. Our review determined that the necessary processes identified by the State of Delaware are included in the District's written policies and procedures.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported no finding and recommendation for this procedure.

Agreed-Upon Procedure Number 2: Determine if the District 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 District including attendance registers and other support to determine if students were properly included in or excluded from enrollment figures reported to the DOE. Our procedures found the District properly reported an enrollment figure of 1,180 students to the DOE.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported no finding and recommendation for this procedure.

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 the DOE's Special Education Regulations 922-929. Calculate the dollar impact of disallowed students, if applicable.

Agreed-Upon Procedure Number 3-continued:

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

Condition
We selected a total of 11 IEP files. All files selected contained the required documentation in accordance with *Delaware Administrative Code*, Title 14, Chapter 900, Subsection 925.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported no finding and recommendation for this procedure.

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. Calculate the dollar impact of disallowed students, if applicable.

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

Condition
The District did not report students in Cooperative Education or Diversified Education Programs during the September 30 student count; therefore, these procedures were not applicable.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported that the District did not report students in Cooperative Education or Diversified Education Programs during the September 30 student count; therefore, these procedures were not applicable.

AUTHORIZED POSITIONS

Agreed-Upon Procedure Numbers 1 and 2:

- Determine if the District's control procedures for monitoring, tracking and reconciling the number of employees are adequate.

- Determine if the District's control procedures for monitoring and tracking salaries charged to the State's general fund are adequate.

Agreed-Upon Procedure Numbers 1 and 2-continued:

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's regulations provide guidance on processes it considers necessary for adequate internal controls over monitoring, tracking, and reconciling the number of employees and the amount of salary expense charged to the State's general fund.

Condition

We obtained the District's written policies and procedures for monitoring, tracking, and reconciling the number of employees and monitoring and tracking salaries charged to the State's general fund. Our review determined that the necessary processes identified by the State of Delaware are included in the District's written policies and procedures.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported no finding and recommendation for this procedure.

Agreed-Upon Procedure Number 3: Compare the number of paid positions by category to the number of authorized positions per *Delaware Code*, Title 14, Chapters 13 and 17.

Criteria

Delaware Code, Title 14, Chapters 13 and 17 entitled "Salaries and Working Conditions of School Employees" and "State Appropriations"

Condition

For the Fiscal Year ended June 30, 2011, the District's authorized number of positions as calculated per the *2010-2011 Position Entitlement Report* was 132.71. This amount must be adjusted down by the number of positions assigned to certain special needs programs that do not exist within the District. As a result, 132.71 of total authorized positions less 3.32 special needs positions not operational at the District resulted in an adjusted authorized position amount of 129.39 for the Fiscal Year ended June 30, 2011.

As determined by the payroll report detailing wages paid on March 26, 2011, the District paid 120.24 positions and was operating within its number of authorized positions by category.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported no finding and recommendation for this procedure.

Agreed-Upon Procedure Number 4: Recalculate the annual salary of the following selected positions to determine if employees were paid in accordance with *Delaware Code*, Title 14, Chapter 13:

Superintendents	100%
Assistant Superintendents	100%
Principals	100%
Directors	100%
Classroom Teachers	10%

Criteria
Delaware Code, Title 14, Chapter 13 entitled "Salaries and Working Conditions of School Employees"

Condition
We recalculated the annual salaries of 1 superintendent, 1 principal, 1 director funded as an 11-month supervisor, and 9 teachers utilizing the payroll report detailing wages paid on March 26, 2011, in accordance with *Delaware Code*, Title 14, Chapter 13. Our recalculation determined that the salary of one teacher was incorrectly calculated during the Fiscal Year ended June 30, 2011.

Cause
The District calculated the teacher's salary using a degree of Masters plus 15 credits while documentation in the personnel file only supported a Masters Degree classification.

Effect
During the Fiscal Year ended June 30, 2011, the District incorrectly disbursed a total of $993 in salary expense from the State's general fund.

Recommendation: It is our recommendation the District repay the State of Delaware $993.

District Response: The District processed an intergovernmental voucher dated January 17, 2012 to the State of Delaware in the amount of $993 as requested, to correct Fiscal Year 2011 expenditures. In addition, the District has recalculated the employee's Fiscal Year 2012 compensation in accordance with the applicable Masters Degree column on the State and local salary scales. This recalculation will ensure that for Fiscal Year 2012 the State will only be charged for the allowable amount of State funds. The details of the salary recalculation have been shared with Belfint, Lyons & Shuman, P.A. and the impacted employee.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported no finding and recommendation for this procedure.

OCCUPATIONAL-VOCATIONAL UNIT DIVISION II FUNDS

Agreed-Upon Procedure Number 1: Obtain confirmation from the DOE if the District was granted a waiver of the ninety percent (90%) requirement to allocate the occupational-vocational unit Division II funding to each school that generated the funding.

Criteria
Delaware Code, Title 14, Chapter 17, Subsection 1706 entitled "Determination of Amount of Division II Appropriation"

Condition
The District consists of a single vocational high school. The need for a waiver is not applicable.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported no finding and recommendation for this procedure.

Agreed-Upon Procedure Number 2: Review expenditure documents to determine if Fiscal Years (FY) 2010 and 2011 occupational-vocational funds expended from July 1, 2010 through June 30, 2011 were (1) expended for State-approved occupational-vocational courses and programs within the District, (2) supported by adequate documentation and (3) properly coded in the First State Financial System (FSF). Our sample was selected as:

> For funds received during FY2010 (0265-10 funding) but spent during FY2011, and for funds received and spent during FY2011 (0265-11 funding), select 10 transactions between the range of $100 to $1,000 and ten percent (10%) of transactions greater than $1,000 or a minimum of 5 transactions (whichever is greater) and a maximum of 25.

Criteria
Delaware Code, Title 14, Chapter 17, Subsection 1706 entitled "Determination of Amount of Division II Appropriation"

Condition
We examined the following:

Funding Year	Number of Expenditures		Total Dollar Amount of Expenditures	
	Population	Sample	Population	Sample
FY2010	82	15	$ 216,676	$ 40,305
FY2011	277	16	210,911	25,474

Agreed-Upon Procedure Number 2-continued:

Condition-continued
All expenditures were determined to be (1) expended for State-approved courses and programs within the District, (2) supported by adequate documentation and (3) properly coded in FSF.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported no finding and recommendation for this procedure.

Agreed-Upon Procedure Number 3: Review financial records to determine if FY2010 and FY2011 occupational-vocational funds were properly allocated to and spent by the schools within the District that generated the funding.

Criteria
Delaware Code, Title 14, Chapter 17, Subsection 1706 entitled "Determination of Amount of Division II Appropriation"

Condition
It is our determination that FY2010 and FY2011 occupational-vocational funds as of June 30, 2011, were properly allocated to and spent by the school within the District that generated the funding.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated January 27, 2009, we reported no finding and recommendation for this procedure.

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 District 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, the Department of Finance, and the Officer of the State Treasurer.

Belfint, Lyons & Shuman, P.A.

January 13, 2012
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

Legislative Branch

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

Other Elective Offices

The Honorable R. Thomas Wagner, Jr., State Auditor, Office of Auditor of Accounts
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. James J. Collins, President, Polytech School District Board of Education
Mr. Frank R. Ingram, Jr., Vice President, Polytech School District Board of Education
Dr. Deborah Zych, Superintendent, Polytech School District

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