

NEW CASTLE COUNTY VOTECH SCHOOL DISTRICT

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

STUDENT ACCOUNTING AND ENROLLMENT AS OF  
SEPTEMBER 30, 2010

AUTHORIZED POSITIONS AND OCCUPATIONAL -  
VOCATIONAL FUNDS, FISCAL YEAR ENDED JUNE 30, 2010

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CERTIFIED PUBLIC ACCOUNTANTS

## Independent Accountants' Report on Applying Agreed-Upon Procedures



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

Dr. Steven H. Godowsky  
Superintendent  
New Castle County VoTech School District  
1417 Newport Road  
Wilmington, DE 19804

Dear Secretary Lowery and Dr. Godowsky:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and New Castle County VoTech 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, 2010. In addition, procedures were performed for authorized positions and occupational-vocational unit Division II funding for Fiscal Year ended June 30, 2010. 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 and procedures to ensure that

**Agreed-Upon Procedure Number 1 - continued:**

Criteria - continued

each control objective is met.” State of Delaware regulations provide guidance on processes it considers necessary for adequate 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 30<sup>th</sup> Enrollment and Unit Computation*.

Condition

We obtained the District's written policies and procedures regarding the September 30 student count. Our review determined that not all school administrators within the District signed their school’s Full Student Register Report after verifying.

Cause

Some school administrators were not aware that the Full Student Register Report is required to be signed after verifying.

Effect

At September 30, 2010, each school within the District did not have included in their audit file a Full Student Register Report meeting DOE requirements.

**Recommendation:** It is our recommendation the District implement a procedure into their current internal controls to ensure every school administrator verifies and signs their school's Full Student Register Report.

**District Response:** The District recognizes the importance of accurate record keeping and maintains continued and consistent contact with the building-level Unit Count Coordinators regarding the process and necessary documentation. The building principals and building-level Unit Count Coordinators were notified in writing on several occasions of the required documentation. The District requires the End of the Day Teacher Status report be printed and signed by every teacher and a building administrator at the end of each week of the count and will ensure in the future that the Full Student Register Report is completed in all schools as well.

**Status of Prior Year Finding and Recommendation:** No finding was reported in our prior report dated January 31, 2008.

**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.

Agreed-Upon Procedure Number 2 - continued:

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 the enrollment figures. During our procedures, the following conditions were found:

<u>School</u>	<u>Condition</u>
Delcastle Technical High School	Our review of the count showed that a ninth grade student absent the entire ten-day count period with no expected return date on file was improperly reported in the school's September 30, 2010 unit count.
Multiple Alternative Program	Our review of the count revealed five students who withdrew from school prior to September 30, 2010 were improperly reported in the school's September 30, 2010 unit count.
Multiple Alternative Program	Our review of the count found eight students who met the definition of enrollment by both DOE and the School were improperly excluded from the school's September 30, 2010 unit count.
Multiple Alternative Program	The school could not provide a Full Student Register Report sorted by grade and signed by a school administrator. As a result, we could not determine that enrollment segregated by grade was properly reported to the DOE at September 30, 2010; however, since procedures determined the divisor is the same for these students, no unit or dollar impact would have been caused by improperly reporting the grade of a Multiple Alternative Program student.

Cause

The failure to withdrawal students on a timely basis and perform a management review to ensure documentation was on file, supporting either the inclusion or exclusion of a student based on the definition of enrollment defined by the school and the DOE in accordance with *Delaware Administrative Code*, Title 14, Subsection 701, resulted in the above conditions.

**Agreed-Upon Procedure Number 2 - continued:**

Effect

The District reported an enrollment figure of 4,723 students to the DOE, of which six were improperly included and eight were improperly excluded. The District received an additional .37 units in its September 30, 2010 student count, equivalent to \$28,036 in State funds due to the improperly included students.

**Recommendation:** It is our recommendation the District repay the State of Delaware \$28,036 and thoroughly review unit count policies and procedures with each school.

**District Response:** The District recognizes the important of accurate record keeping and verification of the Unit Count process. We also recognize that there are times that decisions to allow or disallow students must be made based on the presumption of their future enrollment in the District. In the case of Delcastle and the Multiple Alternative Program, the District recognizes that six students should have been disallowed and eight others should have been counted. The District also recognizes the importance of maintaining detailed and accurate attendance for the Multiple Alternative Program and believe we do so considering the limitations of the *eSchool* System. The effect of the disallowed students does not have a financial impact on the District as the full allocation of unit positions are not currently being utilized. Therefore, it is the District's position that the repayment of \$28,036 is not necessary.

**Accountant Response:** DOE guidance states that if a local district can demonstrate that it has not utilized all authorized Division I units for which it is entitled, no repayment will be required. In lieu of a repayment, the district shall certify that it has unfilled positions that will remain unfilled throughout the fiscal year. As such, it is our recommendation the District consult with the DOE to demonstrate and certify this information and agree on the appropriate amount of repayment.

**Status of Prior Year Finding and Recommendation:** In our prior report dated, January 31, 2008, we recommended the District thoroughly review its unit count policies and procedures with Howard High School. During the current year, Howard High School properly reported enrollment figures to the DOE.

**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.

Criteria

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

**Agreed-Upon Procedure Number 3 - continued:**

Condition

We selected a total of 52 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:** No finding was reported in our prior report dated January 31, 2008.

**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.

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, 2010 student count.

**Status of Prior Year Finding and Recommendation:** No finding was reported in our prior report dated January 31, 2008.

**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.

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 salaries charged to the State's general fund.

**Agreed-Upon Procedure Numbers 1 and 2 - continued:**

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. During our review of these procedures, we determined the District maintained written policies and procedures to ensure that each control objective is met.

**Status of Prior Year Finding and Recommendation:** No finding was reported in our prior report dated January 31, 2008.

**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, 2010, the District was authorized 526.57 positions as determined by the *Delaware Code*, Title 14, Chapters 13 and 17. According to the payroll report detailing wages paid on January 15, 2010, the District paid 515.40 state funded positions and was operating within its number of authorized positions by category for this pay period.

**Status of Prior Year Finding and Recommendation:** No finding was reported in our prior report dated January 31, 2008.

**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, Chapters 13 and 17:

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"

**Agreed-Upon Procedure Number 4 - continued:**

Condition

We recalculated the annual salaries of one superintendent, one assistant superintendent, four principals, two directors and 37 classroom teachers utilizing the payroll report detailing wages paid on January 15, 2010, in accordance with *Delaware Code*, Title 14, Chapter 13. All employees were found to be correctly paid in accordance with the State of *Delaware Code*, Title 14, Chapter 13.

**Status of Prior Year Finding and Recommendation:** No finding was reported in our prior report dated January 31, 2008.

**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 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 chose not to request a waiver from the DOE; therefore, the District must comply with the 90% requirement to allocate the occupational-vocational unit Division II funding to each school that generated the funding. Refer to Occupational-Vocational Unit Division II Funds *Agreed-Upon Procedures Number 2 and 3* for procedures performed regarding compliance with this requirement.

**Status of Prior Year Finding and Recommendation:** No finding was reported in our prior report dated January 31, 2008.

**Agreed-Upon Procedure Number 2:** Review expenditure documents to determine if Fiscal Years (FY) FY2009 and FY2010 occupational-vocational funds expended from July 1, 2009 through June 30, 2010 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 Delaware Financial Management System (DFMS). Our sample was selected as follows:

For funds received during FY09 (0265-09 funding) but spent during FY10, and for funds received and spent during FY10 (0265-10 funding), select 10 transactions between the range of \$100 to \$1,000 and 10 percent of transactions greater than \$1,000 or a minimum of 5 transactions (whichever is greater).

**Agreed-Upon Procedure Number 2 - continued:**

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
FY 09	117	16	\$ 275,203	\$ 18,447
FY10	1040	36	762,697	41,240

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 DFMS.

**Status of Prior Year Finding and Recommendation:** No finding was reported in our prior report dated January 31, 2008.

**Agreed-Upon Procedure Number 3:** Review financial records to determine if FY09 and FY10 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 FY09 and FY10 occupational-vocational funds as of June 30, 2010, were properly allocated to and spent by the schools within the District that generated the funding.

**Status of Prior Year Finding and Recommendation:** No finding was reported in our prior report dated January 31, 2008.

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 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 25, 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. John F. Lynch, Jr., President, New Castle County Votech School District Board of Education  
Mr. John J. McMahon, Jr., Vice President, New Castle County Votech School District Board of Education  
Dr. Steven H. Godowsky, Superintendent, New Castle County Votech School District

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