

THOMAS EDISON 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

Mr. Salome Thomas-El
Head of School
Thomas Edison Charter School
2200 North Locust Street
Wilmington, DE 19802

Dear Secretary Lowery and Mr. Thomas-El:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and Thomas Edison 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

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 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

The School could not provide written policies and procedures regarding the September 30 student count process. In addition, we determined the School administrator failed to sign the School’s Full Student Register Report after verifying.

Cause

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

Effect

The lack of written policies and procedures and a September 30 audit file contributed to the School improperly reporting one student to the DOE during the September 30, 2010, student count.

Recommendation: It is our recommendation the School implement a complete set of written policies and procedures to include the following requirements set forth by the DOE:

- Policies and procedures in regard to gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound documentation, documentation relating to children placed in alternative education settings, re-engineered students, etc.).
- Policies and procedures outlining the positions involved in the student count process and their responsibilities.
- Policies and procedures in regard to the specific documentation needed to substantiate the inclusion of special education students in the unit count.
- Procedures for students who have been absent greater than five days during the count period.
- Procedures to ensure eligibility to count a student that transferred in during the count period.
- Procedures to ensure students transferring out of the School during the count period are counted by the appropriate School/District.

Agreed-Upon Procedure Number 1 - continued:

Recommendation - continued:

- Retention policy of records supporting the September 30 student count (September 30 audit file).
- Procedures designating responsibility for reconciliation and management review of the student count which should include the signing of the Full Student Register Report by a school administrator after verifying.

School Response: Thomas Edison currently has a policies and procedures manual for preparing and reviewing the September 30 count. Subsequent to the condition found the policy and procedures manual has been updated per the recommendations. The signature that was required by the Head of School on the Full Student Register Report was overlooked because there was no line requesting the signature. In the future, the Head of School will sign the report, with or without a requested signature line.

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 reported an enrollment figure of 755 students to the DOE. The School was only entitled to report 754 students. The School failed to obtain a student’s attendance at their outside agency during the ten-day count period along with an expected return date.

Cause

The Head of School believed the student would be returning to school prior to November 1. However, as a result of not maintaining an audit file, the School failed to maintain proper documentation verifying the student’s enrollment and expected return date.

Effect

The School improperly reported enrollment figures to the DOE. As a result, the School received an additional .05 units in its September 30, 2010, student count, equivalent to \$3,739 in State funds.

Agreed-Upon Procedure Number 2 - continued:

Recommendation: It is our recommendation the School repay the State of Delaware \$3,739.

School Response: Thomas Edison does not dispute the recommendation to repay the State of Delaware \$3,739, due to one student not returning to school prior to November 1, 2010. The Head of School believed the student, who was enrolled in August and early September, would return prior to November 1, 2010.

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 five 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.

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. Ronald Pinkett, Board of Directors President, Thomas Edison Charter School
Mrs. Vera Toliver, Board of Directors Vice President, Thomas Edison Charter School
Mr. Salome Thomas-El, Head of School, Thomas Edison Charter School

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