

BRANDYWINE 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

**B E L F I N T
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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

Mark A. Holodick, Ed.D.
Superintendent
Brandywine School District
1000 Pennsylvania Avenue
Claymont, DE 19703

Dear Secretary Lowery and Dr. Holodick:

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

DOE’s *Instructions for Unit Count Reporting in eSchoolPlus* requires each building administrator, within the District to generate, print, verify, sign and maintain in their September 30 audit file a Full Student Attendance Register Report (FSARR). Our procedures determined that within a population of 16 building administrators, one administrator failed to generate their school’s FSARR, one administrator failed to generate a complete FSARR, and one administrator failed to sign their school’s FSARR.

Cause

The building administrators who failed to properly generate and sign their school’s FSARR were unaware of DOE’s requirement.

Effect

Three out of sixteen schools within the District failed to maintain an audit file meeting DOE requirements.

Recommendation: It is our recommendation the District implements a monitoring process to ensure each school within the District has followed DOE’s requirements for reporting and documenting September 30 enrollment figures.

District Response: The District will review its monitoring process to ensure all building administrators understand and comply with DOE audit file requirements.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated February 12, 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. For students enrolled in programs outside of school (outside agencies) during the last 10 days of September, specific information shall also 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 determined the following:

<u>School</u>	<u>Condition</u>
Mount Pleasant High School	One ninth grade student who did not attend school during the month of September was determined to have been improperly included in the District's September 30 student count.
P.S. DuPont Middle School	Two eighth grade students enrolled in outside agencies during the count period did not have specific information on file to substantiate their inclusion in the District's September 30 student count. As a result, these students were determined to have been improperly included in the District's September 30 student count.
P.S. DuPont Middle School	One sixth grade student determined by our procedures to have been eligible for inclusion in the District's September 30 student count was improperly excluded.
Talley Middle School	Non-membership calendar students whose attendance records are not maintained by the school are defined as Z calendar students. Typically these students do not qualify for inclusion in the September 30 student count due to the Federal funding that these students receive. Our procedures determined that one sixth grade Z calendar student who was not eligible to be included in the District's September 30 student count was improperly included.

Agreed-Upon Procedure Number 2-continued:

Condition-continued

<u>School</u>	<u>Condition</u>
Springer Middle School	One eighth grade student enrolled in an outside agency without a documented expected return date prior to November 1 was determined to have been improperly included in the District's September 30 student count.
Claymont Elementary School	One fourth grade student who failed to attend school during the month of September was determined to have been improperly included in the District's September 30 count. The school believed the student would return prior to November 1, either in person or through homebound instruction, however; no documentation was provided to substantiate this conclusion.
Harlan Elementary School	One third grade student enrolled in an outside agency without a documented expected return date prior to November 1 was determined to have been improperly included in the District's September 30 student count.
Lombardy Elementary School	One fifth grade student whose notification to withdraw was received by the school prior to September 30 was determined to have been improperly included in the District's September 30 student count.
Charles Bush School	One Pre-K student who did not attend school during the month of September was determined to have been improperly reported in the District's September 30 student count.

Cause

The schools above failed to properly review enrollment figures and ensure all reported students met the reporting requirements as stated in *Delaware Administrative Code*, Title 14, Chapter 700, Subsection 701 entitled "Unit Count."

Effect

The District improperly reported enrollment figures to the DOE. As a result, the District incorrectly received .99 units, equivalent to \$77,221 in State funding.

Agreed-Upon Procedure Number 2-continued:

Recommendation: It is our recommendation the District repays the State of Delaware \$77,221 and thoroughly reviews *Delaware Administrative Code*, Title 14, Chapter 700, Subsection 701 entitled “Unit Count” with the above schools to prevent future noncompliance.

District Response: The District acknowledges six of the above students had insufficient documentation supporting their enrollment in the District’s September 30 student count. The District will ensure each school fully understands the documentation requirements and will work with the DOE to address ongoing issues relating to the requirements for students attending outside agencies.

The District does believe that the students at Lombardy Elementary School, Mount Pleasant High School and one student at P.S. DuPont Middle School were eligible to be included in the District’s September 30 student count and will work with the DOE to resolve the matter.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated February 12, 2009, we reported the District improperly reported three students in their September 30 student count and recommended the District consult with the DOE regarding an appropriate repayment manner. The District informed us our prior year recommendation was implemented; however, no support of a repayment was received.

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, and Individualized Education Programs”

Condition

We selected a total of 117 IEP files. Three files selected did not include the required documentation in accordance with the DOE’s Special Education Regulations 922-929. However, the District provided documentation supporting these students qualified for and were participating in Individualized Education Programs at September 30, 2011. As a result, these students were correctly categorized in the District’s September 30 student count and should not be disallowed.

Agreed-Upon Procedure Number 3-continued:

Cause

The lack of a secondary review process ensuring all IEP files are in accordance with DOE regulations contributed to the above condition.

Effect

Three IEP files selected were not in compliance with the DOE's Special Education Regulations 922-929 as of September 30, 2011. Incomplete IEP files create a greater risk of improperly reporting enrollment figures to the DOE.

Recommendation: It is our recommendation the District implements a secondary review process to ensure IEP files are complete and meet all applicable DOE regulations.

District Response: The District will review its current procedures to ensure all required documents are always maintained in their required files.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated February 12, 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 and Diversified Education Programs to the DOE 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 February 12, 2009, we reported that the District did not report students in Cooperative Education and Diversified Education Programs to the DOE 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.

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

The District has policies and procedures in place for monitoring, tracking, and reconciling the number of employees charged to the State's general fund; however, these policies and procedures are not written. In addition, the District does not have written policies or procedures for monitoring and tracking the amount of salary expense charged to the State's general fund.

Cause

The District failed to implement our recommendation of developing written policies and procedures in accordance with *Delaware Code* and DOE regulations. This recommendation was communicated to the District in our prior and most recent agreed-upon procedure report dated February 12, 2009.

Effect

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

Recommendation: In order to comply with the State of Delaware Budget and Accounting Policy Manual, the District should develop a set of internal written policies and procedures to include the following:

- References to rules and regulations as stipulated by the DOE
- References to pertinent sections of the *Delaware Code*

Agreed-Upon Procedure Numbers 1 and 2-continued:

Recommendation-continued:

- Detailed procedures for reconciling actual staff to approved Division I units
- A management review process of staff reconciliations, including a time frame for completion

District Response: The District believes it has extensive procedures in place to monitor, track and reconcile both the number of employees and the amount of salary expense charged to the State's general fund. All documents associated with the procedures were provided to Belfint, Lyons & Shuman, P.A. The absence of specific findings in the following agreed-upon procedure supports our belief; however, the District will implement these procedures into a single set of written policies and procedures by the start of the 2012-2013 school year.

Status of Prior Year Finding and Recommendation: The District failed to implement the recommendation in our prior and most recent agreed-upon procedure report dated February 12, 2009.

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 1059.70. 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, 1059.70 of total authorized positions less .17 special needs positions not operational at the District resulted in an adjusted authorized position amount of 1059.53 for the Fiscal Year ended June 30, 2011.

As determined by the payroll report detailing wages paid on March 26, 2011, the District paid 1052.05 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 February 12, 2009, we reported the District was operating a total of 1.70 and 1.12 units over in principal/assistant principal units and secretarial units, respectively. We recommend the District contact the DOE regarding appropriate repayment terms and maintain an ongoing reconciliation of authorized paid positions to actual paid positions. The District processed an expenditure correction on January 12, 2009 for appropriate repayment to the State of Delaware as a result of the overage in

Agreed-Upon Procedure Number 3-continued:

Status of Prior Year Finding and Recommendation-continued: secretarial units; however, no evidence was provided to us to support or verify repayment of the 1.70 units over in principal/assistant units. Additionally, the District has implemented an ongoing reconciliation 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, 2 assistant superintendents, 6 directors, 16 principals, 1 director funded as a principal, 1 principal funded as an assistant principal and 71 teachers utilizing the payroll report detailing wages paid on March 26, 2011. Our procedures determined the salaries of 1 superintendent, 2 principals and 4 teachers were undercharged to the State's general fund during Fiscal Year 2011.

Cause

The District's lack of written policies and procedures combined with its failure to perform a secondary review process of employee salary calculations contributed to the above condition.

Effect

A total of \$13,700 in salary expense that was entitled to be disbursed from the State's general fund was disbursed from another funding source of the District's.

Recommendation: It is our recommendation the District implement written policies and procedures. It is further our recommendation that the District develop a set of internal controls to ensure employee salary calculations are funded from the State's general fund in accordance with *Delaware Code*, Title 14, Chapter 13.

District Response: The District will implement a single set of written policies and procedures by the start of the 2012-2013 school year.

Agreed-Upon Procedure Number 4-continued:

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated February 12, 2009, we reported the District incorrectly disbursed \$6,668 in salary compensation from the State's general fund during Fiscal Year 2007. We recommended the District contact the DOE to determine appropriate repayment terms and periodically review payroll determination factors for accuracy. The District processed an expenditure correction on January 29, 2009 to return \$6,668 back to the State of Delaware as a result of the error. The District has also indicated that they will implement a single set of written policies and procedures by the start of the 2012-2013 school year that will incorporate a review over payroll determination factors.

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 chose not to request a waiver from the DOE; therefore, the District must comply with the ninety percent (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 Procedure Numbers 2 and 3* for procedures performed regarding compliance with the requirement.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated February 12, 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 twenty percent (20%) 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
FY2010	230	20	\$ 187,539	\$ 25,653
FY2011	265	19	175,483	40,594

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 February 12, 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

Our procedure determined that FY2010 occupational-vocational funds were misappropriated as follows:

	FY2010 Occupational-Vocational Funds Generated	FY2010 Occupational-Vocational Funds Expended	Misappropriation
Concord High School	\$ 52,241	\$ 54,407	\$ 2,166
Mt. Pleasant High School	46,357	43,472	(2,885)

Agreed-Upon Procedure Number 3-continued:

Condition-continued

	FY2010 Occupational-Vocational Funds Generated	FY2010 Occupational-Vocational Funds Expended	Misappropriation
P.S. Dupont Middle School	\$ 20,768	\$ 21,392	\$ 624
Springer Middle School	43,777	46,248	2,471
Talley Middle School	28,309	25,933	(2,376)
Total	\$ 191,452	\$ 191,452	\$ -

Cause

The District failed to reconcile each school's occupational-vocational funds expended to each school's authorized amount.

Effect

Concord High School, P.S. Dupont Middle School and Springer Middle School expended \$2,166, \$624 and \$2,471, respectively, of FY2010 occupational-vocational funds which they did not generate. As a result, Mt. Pleasant High School and Talley Middle School did not receive the opportunity to expend a portion of the FY2010 occupational-vocational funds their schools generated.

Recommendation: It is our recommendation that the District repay through local funds, \$2,885 and \$2,376 to Mt. Pleasant High School and Talley Middle School, respectively.

District Response: The District's reporting shows slightly different final expenditure amounts. This reporting will be provided to Belfint, Lyons & Shuman, P.A. and some variances from the allocated amounts by building still remain. This was the initial year expenditures had to be reconciled within FSF and with the use of the Data Service Centers Financial Reporting tools. Lack of familiarity with these reporting tools contributed to the variances. The District will take steps to ensure that moving forward allocations are not overspent in any given building.

Status of Prior Year Finding and Recommendation: In our prior and most recent agreed-upon procedure report dated February 12, 2009, we reported the schools of Hanby Middle, Talley Middle and Concord High overspent a total of \$1,088 in FY2008 occupational-vocational funds. We recommended the District repay this amount through local funds and make it available to the entitled schools of Springer

Agreed-Upon Procedure Number 3-continued:

Status of Prior Year Finding and Recommendation-continued: Middle, Brandywine High and Mount Pleasant High. The District has indicated to us that they have implemented this recommendation but did not provide support.

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 17, 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

Ms. Olivia Johnson-Harris, President, Brandywine School District Board of Education
Ms. Patricia Hearn, Vice President, Brandywine School District Board of Education
Mr. Mark A. Holodick, Ed.D., Superintendent, Brandywine School District

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