

**CONNECTICUT STATE DEPARTMENT OF EDUCATION
(CSDE)
OFFICE OF INTERNAL AUDIT**

**AGREED UPON PROCEDURES (AUP) PACKAGE FOR
FORM ED001C
and
PSIS Data Elements**

**LOCAL CHARTER SCHOOLS
REVISED AUGUST 2016**

2015-2016

**CONNECTICUT STATE DEPARTMENT OF EDUCATION
OFFICE OF INTERNAL AUDIT**

**AUP PACKAGE FOR FORM ED001C
and
PSIS Data Elements**

LOCAL CHARTER SCHOOLS

REVISED AUGUST 2016

2015-2016

<u>Contents</u>	<u>Page</u>
Definitions	2
General Instructions	3
Preparation	4-5
AUP for Form ED001C	6-8
AUP for PSIS Data Elements	9-10
Follow-Up, Report Preparation and Submission	11-13
Pro Forma Accountant's Report	14
Example - Schedule 1	15-16
Notes	17

DEFINITIONS

Many terms, forms, numbers, and initials that are used by education department administrators are also used in this AUP Package. This section is intended to familiarize accountants with this terminology by providing brief definitions.

Charter School	means a public, nonsectarian school which is: <ul style="list-style-type: none"> (a) established under a charter granted pursuant to Section 10-66bb C.G.S.; (b) organized as a nonprofit entity under state law; (c) a public agency for the purposes of the Freedom of Information Act, as defined in Section 1-200 C.G.S.; and (d) operated independently of any local or regional board of education in accordance with the terms of its charter and the provisions of Sections 10-66aa to 10-66nn of the C.G.S. inclusive.
Local Charter School	means a public school or part of a public school that is converted into a charter school and is approved by the local or regional board of education of the school district in which it is located and by the State Board of Education pursuant to subsection (e) of section 10-66bb
State Charter School	means a new public school approved by the State Board of Education pursuant to subsection (f) of section 10-66bb
Turnaround Office	The "Turnaround Office" provides information/guidance on Charter School Programs. The Charter School Program Manager is Robert Kelly, (860) 713-6574.
BDCRE	The "Bureau of Data Collection, Research & Evaluation" has the responsibility of implementing the results of the AUP for Charter School Public School Information System data.
LEA	"Local Educational Agency," is either a city's or town's board of education, or a regional school district.
CSDE	"Connecticut State Department of Education."
BGM	The "Bureau of Grants Management" distributes state and federal grants to charter schools. The Bureau collects a variety of data from the charter schools and also has the responsibility of implementing the results of the AUP for Charter School ED001C data.
Form ED001C	"Charter School Financial Report for the School Year Ending June 30, 2016" (Also known as "End of Year School Report for Charter Schools") is used to report the charter school's financial operations for the year.
PSIS	The "Public School Information System" is a data system that reflects enrollments on October 1 or the full school day immediately preceding such date, in accordance with Sections 10-10a and 10-66ee of the Connecticut General Statutes. Data from this system is used to determine the charter school's share of any state and federal grants.

GENERAL INSTRUCTIONS

NAME OF CHARTER SCHOOL _____

2015-2016

The primary objective of this program is to perform certain agreed upon procedures for the financial and enrollment data (*Form ED001C and PSIS Data Elements*) prepared by local charter schools.

Work performed under this program with respect to information submitted by the charter school consists of:

- ✦ **Agreeing of financial information to audited records of the entity to which the local charter school is associated;**
- ✦ **Obtaining the charter school's methods of allocating revenues and expenses among various categories;**
- ✦ **Obtaining documentation supporting non-financial information; and**
- ✦ **Reviewing the forms for compliance with instructions and applicable laws.**

In completing this agreed upon procedure, it may be necessary to change or add additional steps for any additional or alternative procedures considered appropriate. In this event, the additional or alternative procedures must be discussed with and agreed to by CSDE's Office of Internal Audit (see below) prior to the work being done. These procedures must also be explained in the workpapers and Independent Accountant's Report. All exceptions noted in performing any procedures should be investigated and resolved by appropriate means. In the absence of appropriate notations to the contrary, the signature or initials of the independent accountant who performed the procedure will indicate that there were no unresolved exceptions.

The data elements subject to these procedures under this program are also reviewed by the CSDE for clerical accuracy and for certain other aspects. The CSDE's review will continue beyond the date independent accountants are to render their reports and will often involve issues that are not communicated to the independent accountants who performed the examination. It is therefore expected that in many cases the CSDE will request charter schools to make adjustments after independent accountants have completed their procedures and rendered their reports. **For this reason, it is imperative that independent accountants include in their report a reference to the document dates (print date/time) which appear on the final internet application printouts. (See Pro Forma Accountant's Report).**

A number of quality assurance reviews may be performed. The independent accountant must retain all workpapers and the AUP Package for a **minimum of five years** from the date of the report. These workpapers must be made available to the CSDE, their independent accountants, or other parties performing a review under the State Single Audit Act. **The workpapers must be sufficient to support all work performed in this AUP Package.**

NOTE: Statute requires that this report must be submitted to CSDE on or before December 31, 2016. However, because December 31, 2016 falls on a Saturday, the AUP must be submitted on or before the next business day (Tuesday, January 3, 2017).

THERE IS NO EXTENSION FOR THIS DEADLINE

Failure to meet this deadline can result in a fine from \$1,000 to \$10,000 for the Charter School.

If the report is sent via email, the address is grants.sde@ct.gov (See Note 4 on Page 17). If it is sent by mail, it must be sent by certified, return receipt requested mail by January 3, 2017. If the report is hand delivered, it must be provided by 5:00 p.m. on January 3, 2017 to room 325 of the State Office Building, 165 Capitol Avenue, Hartford, CT 06106.

For questions concerning this AUP Package, please contact Nora Chapman, Office of Internal Audit, via email at nora.chapman@ct.gov or phone (860) 713-6536.

PREPARATION

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>1. Obtain and read the following materials to assist in the AUP:</p> <p>a) Instructions for the 2015-2016 ED001C Form prepared by the Bureau of Grants Management, can be accessed on the internet at: http://www.sde.ct.gov/sde/cwp/view.asp?a=2634&Q=320626</p> <p style="text-align: center;">(SEE NOTE 5 ON PAGE 17)</p>		
<p>b) 2015-2016 PSIS Reference Guide prepared by the Bureau of Data Collection, Research & Evaluation. This can also be accessed on the internet at: http://www.csde.state.ct.us/public/psis/downloads.asp</p>		
<p>c) <u>Financial Accounting for Local and State School Systems: 2009 Edition.</u> This document is located on the internet under the address: http://nces.ed.gov/pubs2009/2009325.pdf</p>		
<p>d) All relevant audit reports for the year subject to audit. These may include:</p> <ul style="list-style-type: none">  General Purpose Financial Statements of the applicable entity to which the local charter school is associated. 		
<ul style="list-style-type: none">  Federal and State Single Audit Reports. 		
<p>e) A listing of the Charter's FY2015-2016 federal and state financial assistance provided through the CSDE. The listing is available at: http://www.csde.state.ct.us/public/dgm/grantreports1/paydetlMain.aspx</p>		
<p>f) Sections 10-66aa through 10-66nn inclusive, of the Connecticut General Statutes.</p>		
<p>g) A copy of the section of the approved charter school application which describes the school's activities.</p>		

PREPARATION (CONT'D)

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>h) A copy of the completed “Worksheet for Determining Approved Charter School Application Expenditures” (Appendix 3, page 39 of the ED001C Instruction Manual).</p>		
<p>2. Obtain the following data reports, forms and information:</p> <p>a) 2015-2016 ED001C Form as last revised.</p> <p>In order to ensure complete audit coverage of all prior adjustments, the independent accountant MUST request that the Charter School run the ED001C Report (without prior year’s data) ON THE DAY fieldwork is started. The print date/time of this printout will appear in paragraph #1 of the Independent Accountant’s Report to CSDE.</p>		
<p>b) For PSIS data, the Charter School Racial Survey by Town of Residence Report for the October 2015 filing period as last revised.</p> <p>In order to ensure complete audit coverage of all prior adjustments, the independent accountant MUST request that the Charter School run the report on the day fieldwork is started. The print date/time of this report will appear in paragraph #1 of the Independent Accountant’s Report to CSDE.</p>		

Note that the filing date of the PSIS Data is October 2015.

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>c) The October 2016 Desk Audit Findings/Variations issued by BGM to the Charter School. These findings are a result of desk reviews performed by BGM on 2015-2016 ED001C data submitted (by the Charter Schools). <u>The independent accountant will obtain and read these items to confirm that all findings have been addressed by the charter school.</u></p>		

AGREED UPON PROCEDURES FOR FORM ED001C

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>3. Perform the following procedures for the amounts reported on the “Worksheet for Determining Approved Charter School Application Expenditures” (Appendix 3, page 39 of the ED001C Instruction Manual obtained in step 1a) as follows:</p> <p>a) Trace and agree the amount on Line A to the expenditures shown in the audited basic financial statements.</p>		

Note: In some cases, the local board of education of the town in which the charter school is located may receive grant funds on behalf of the charter school. The local board has the option of passing on the grant funds to the charter school or providing the services from the grant revenue. If the services have been provided, the values of the services are reportable on the ED001C, but will not be found in the general purpose financial statements. For purposes of the reconciliation, it is only necessary to identify that amount as a reconciling item. Supporting documents for that amount will be reviewed in a step to be performed later.

<p>b) Read and become familiar with the approved activities listed in the charter school application obtained in step 1g.</p>		
<p>c) By inquiry and agreeing to supporting documentation, review the completed worksheet obtained in step 1h for conformance to pages 37-38 of the ED001C Instruction Manual.</p>		
<p>4. Procedures for Schedules 1 and 2 are as follows:</p> <p>a) Determine that each grant included on the listing of 2015-2016 Federal Awards and State Financial Assistance obtained in step 1e is included in Schedule 1, Column 1.</p>		

Note: If no “in-kind” expenditures have been reported on Schedule 1, Lines 126 or 127, go directly to step 4d.

<p>b) To become familiar with CSDE reporting requirements for in-kind expenditures, read Appendix 4, pages 40-43 of the ED001C Instruction Manual.</p>		
<p>c) Obtain the supporting documentation for the in-kind expenditures which the CSDE has instructed the charter school to have available for the agreed upon procedures.</p>		

AGREED UPON PROCEDURES FOR FORM ED001C (CONT'D)
--

	Procedure Performed By	Comments, References to Analyses, Etc.
d) Agree amounts appearing in Column 1 for Lines 101 to 130 to the supporting documentation.		
e) Obtain the supporting documentation for the amounts reported on Schedule 2 .		
f) For Schedule 2, Column 1, Lines 201 to 221 select amounts for testing by performing a statistical sample in accordance with AICPA Professional Standards Section AU350 (Sources: SAS No. 43; SAS No. 45; SAS No. 111) on Audit Sampling designed such that the sampling interval is equal to 10% of the total appearing on Lines 201 to 221 .		
g) For the items selected in step 4f determine that the amounts have been properly classified by function and object categories in accordance with pages 12-25 of the ED001C Instruction manual .		
5. Procedures for Schedule 3 are as follows:		
a) For Schedule 3, Line 302 , by inquiry and review of supporting documentation, confirm that the amount reported represents 2014-2015 Carryover Funds expended in fiscal year 2015-2016 .		
b) For Schedule 3, Line 305 , by inquiry and review of supporting documentation, confirm that the amount reported represents prior year reserve funds expended during fiscal year 2015-2016 .		
c) For Schedule 3, Line 310 , by inquiry and review, determine whether unexpended funds carried-over from the prior fiscal year are included on Line 310 . Report the amount in the Schedule of AUP Findings.		
d) For Schedule 3, Line 311 , by inquiry and review of supporting documentation; determine that the amount reported represents the amount of unexpended 2015-2016 State Operating grant funds which were placed in a reserve fund to finance specific capital or equipment purchases or another specified project approved by the Commissioner of Education.		

AGREED UPON PROCEDURES FOR FORM ED001C (CONT'D)
--

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>6. Procedures for Schedule 4 are as follows:</p> <p>a) Based on inquiries with responsible Management and/or Board members, confirm the responses to Lines 401, 402, 405 and 406. Ensure that all related party disclosure information and payments to charter school management organizations are disclosed in accordance with procedures on pages 28-29 of the ED001C instruction manual.</p>		
<p>b) Agree information contained on Lines 403.01 – 404 and Lines 406.01 – 407 to supporting documentation.</p>		
<p>c) <u>Any related party or management company information not properly disclosed on Schedule 4, must be included in the comments section of the Independent Accountant's Report.</u></p>		
<p>7. If the audit of the financial statements of the applicable entity to which the local charter school is associated has not been completed prior to submission of the Independent Accountant's Report for this AUP Package (due January 3, 2017), all adjustments resulting from the completion of the audit must be read to determine if there is any impact on the ED001C or PSIS data. If there is impact, the necessary final printout (print date/time) including such adjustments must be referenced in the revised Independent Accountant's Report.</p>		
<p>8. Obtain the desk audit correspondence referred to in step 2c to determine if adjustments are necessary.</p>		

AGREED UPON PROCEDURES FOR PSIS DATA ELEMENTS

The CSDE uses the PSIS to collect data regarding student enrollment throughout the state of Connecticut. The PSIS data is used for federal and state grants; PSIS data also connects to other CSDE data collection systems. The following steps were developed to test and confirm certain data elements within this PSIS system.

The independent accountant is required to obtain and agree the documentation which supports the October 1, 2015 enrollment data which was reported and certified to the CSDE through the PSIS system. For purposes of consistency and clarification, the following guidance as to adequacy of documentation is provided:

- School offices should provide adequate documentation to support student enrollment data contained in the PSIS system including but not limited to pupil personnel records, registration cards, class lists, invoices, etc..
- Proper coding of students such as Special Education, Pre-K, etc. should have adequate supporting documentation such as the items listed above.

If the independent accountant encounters a situation involving the unavailability of adequate documentation, Nora Chapman of the Office of Internal Audit must be called at (860) 713-6536 for consultation.

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>9. Obtain the Charter School Racial Survey by Town of Residence Report for the October 2015 filing period as last revised. (see step 2b)</p> <p>In order to ensure complete and current coverage of all prior adjustments, the independent accountant MUST request that the LEA run the report ON THE DAY fieldwork is started. The print date/time of this report will appear in paragraph #1 of the Independent Accountant’s Report to the CSDE.</p>		
<p>10. a) <i>Select a sample, for testing, of students from the October Audit File Download for the October 2015 filing period which is reported on the Charter School Racial Survey by Town of Residence Report.</i></p>		
<p>b) For each student selected for testing, agree information shown on the Audit File Download to enrollment records or comparable documentation. Include confirmation of the following data elements:</p> <ul style="list-style-type: none">  First Name  Last Name  Town of Residency 		

AGREED UPON PROCEDURES FOR PSIS DATA ELEMENTS (CONT'D)

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>c) Trace student sample to class attendance records for October 1, 2015 to confirm students enrolled and attending.</p>		
<p>d) <u>Any identified variances should be discussed with the Charter School administrator, referenced in the report and corrected by the Charter School, if necessary.</u></p>		

FOLLOW-UP, REPORT PREPARATION AND SUBMISSION

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>Perform the following:</p> <p>11. Present all AUP findings to the preparer and/or the charter school’s administrator. All parties should understand the reasons for these findings and agree that corrections should be made. In the event that an agreement cannot be reached, the independent accountant must report the issue in the Independent Accountant’s Report. The CSDE will resolve.</p>		
<p>12. For data corrections, direct the preparer (or other appropriate charter school personnel) to enter the required revisions into the CSDE's database via the internet application and print a copy of the revised reports which reflect AUP adjustments.</p>		
<p>13. Review the revised internet application reports to ascertain that proposed corrections were entered correctly and that the impact of such corrections as they relate to the total of Schedule 1 of the ED001C has been properly reflected.</p>		

Note: The ED001C requires that data be compiled in schedules that have certain dependency links. These links, along with mathematical requirements, may result in edit messages which appear on the final copies printed in step 12. If such edit messages appear, discuss these with the preparer and determine resolution. Dependency-links between schedules must be satisfied in the final ED001C. The preparer should process any necessary changes on the internet application and print another copy. The internet application requires the charter school administrator to enter a unique code number (password) certifying the data entered. This is equivalent to his/her signature on a paper copy of a report. The system will not accept the administrator's code if an edit message appears. The final copy printed for inclusion in the AUP workpapers should not contain edit messages.

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>14. Prepare the “Independent Accountant’s Report” to the CSDE (see page 14 for a pro forma report). Appropriate modifications and/or notifications should be made if errors were noted or other unusual circumstances were encountered.</p>		

 FOLLOW-UP, REPORT PREPARATION AND SUBMISSION (CONT'D)

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>15. If there are no adjustments, it is sufficient for the Independent Accountant’s Report [first paragraph] to reference only the <u>print date and time</u> of the printouts that were reviewed. It is not necessary to attach printouts to the report, although copies of the applicable printouts must be retained with the AUP workpapers.</p> <p>If there are adjustments, printouts which incorporate all AUP adjustments must be referenced by <u>print date and time</u> in the Independent Accountant’s Report [second paragraph]. It is not necessary to attach printouts to the report, although copies of the applicable printouts must be retained with the AUP workpapers. (see page 15 & 16 for schedule of AUP findings options)</p>		
<p>16. Submit a signed copy of the Independent Accountant’s Report to:</p> <p>Kathy Demsey Chief Financial Officer Connecticut State Department of Education Finance and Internal Operations Office Bureau of Grants Management - Room 325 165 Capitol Avenue Hartford, Connecticut 06106 Email Address: grants.sde@ct.gov (see note 4 on page 17)</p>		

FOLLOW-UP, REPORT PREPARATION AND SUBMISSION (CONT'D)

 REPORT CHECKLIST	YES	If No, Please Explain
17. Have all errors been corrected by using the internet application revision process?		
18. Has a copy of each final internet application printout which was prepared previously in step 12 been referenced (print date and time) in the Independent Accountant’s Report and retained with the AUP workpapers? It is not necessary to attach copies of internet application printouts to the report, although copies of the printouts must be retained with the AUP workpapers.		
19. Have all corrections which resulted from AUP findings been reviewed with the charter school’s administrator?		
20. <u>Have all of the CSDE's desk audit findings obtained in step 2c and internet application edit messages described in step 13 been addressed?</u>		

PRO FORMA ACCOUNTANT'S REPORT

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES (AUP)

Charter School Administrator
and Board of Trustees
Education Building
Town of XX, CT 06000

We have performed the procedures included in the Connecticut State Department of Education's (CSDE's) AUP Package, which were agreed to by the CSDE and the XX Charter School, solely to assist the CSDE in evaluating certain school year grant data as printed on CSDE's internet application in connection with education reimbursement claims submitted by the XX Charter School for the year ended June 30, 2016. The school year grant data is reported on the following CSDE forms and data systems:

- ✚ **2015-2016 Form ED001C** [specify print date and time of day of the internet application report]
- ✚ **10/2015 PSIS (Charter School Racial Survey By Town of Residence Report)** [specify print date and time of the internet application report]

Management is responsible for the XX Charter School's compliance with the CSDE requirements. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the CSDE. Consequently, we make no representation regarding the sufficiency of the procedures described in the CSDE's AUP Package either for the purpose for which this report has been requested or for any other purpose.

(Option 1) As a result of performing the procedures included in the CSDE's AUP Package, no exceptions were noted.

(Option 2) As a result of performing the procedures included in the CSDE's AUP Package, certain matters came to our attention that caused us to believe that the accompanying adjustments contained in Schedule 1 should be recorded to the school year grant data reported on Form ED001C and PSIS Report (**See Note 1**). The adjustments are incorporated in the following internet application printouts: (**Specify print date and time of day for the ED001C printout and the PSIS printout (See Note 2) as appropriate**). [We were unable to (describe scope limitation, if applicable.)] (**See Note 3**)

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had [we been able to (refer to scope limitation)] or 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 CSDE and the XX Charter School and is not intended to be and should not be used by anyone other than these specified parties.

  EXAMPLE - SCHEDULE 1 (SCHEDULE OF AUP FINDINGS)
--

NEW FOR 2015-2016**ED001C Revisions**

Data adjustments incorporated into the revised ED001C report referenced in the Independent Accountant's Report (third paragraph) do not need to be listed separately in the Schedule of AUP Findings.

For all other ED001C findings:

1) Attach the Schedule of AUP Findings ([ED001C Excel Spreadsheet](#))

OR

2) Attach the Schedule of AUP Findings:

(Name of Charter School)

The following findings pertain to our performance of procedures specified in the CSDE's AUP Package for Form **ED001C**:

ED001C

Finding #1: The Charter School was unable to provide support for the expenditures reported on Schedule 1, Line 123.

Recommended Revision: We recommend that the CT State Department of Education follow up with the Charter School.

October 2015 PSIS Revisions**OPTION 1**

Reference the revised PSIS report, which includes the October 2015 PSIS adjustments, in paragraph 3 of the Independent Accountant's Report AND attach the Schedule of Findings ([PSIS Excel Spreadsheet](#)) as part of the report submission to CSDE's Bureau of Grants Management.

OPTION 2

Reference the revised PSIS report, which includes the October 2015 PSIS adjustments, in paragraph 3 of the Independent Accountant's Report AND complete Schedule 1 (Schedule of AUP Findings). The report and schedule of findings must be submitted to CSDE's Bureau of Grants Management.

 **EXAMPLE - SCHEDULE 1 (SCHEDULE OF AUP FINDINGS CONT'D)**

(Name of Charter School)

The following findings pertain to our performance of procedures specified in the CSDE's AUP Package for PSIS Data Elements.

PSIS Data

Finding #1: The resident town was misreported for 3 students.

Recommended Revisions:

<u>Student Name/ID</u>	<u>Resident Town Per PSIS Data System</u>	<u>Proposed Adjustment</u>	<u>Adjusted PSIS Data System</u>
XXXXX	XXXXXXXX	XXXXXX	XXXXXXXX
XXXXX	XXXXXXXX	XXXXXX	XXXXXXXX
XXXXX	XXXXXXXX	XXXXXX	XXXXXXXX

NOTES

NOTE (1)	Only the forms being revised should be referenced in this sentence.
NOTE (2)	<u>October 2015 PSIS Data Revisions must be listed in the Schedule of Findings (See Schedule of Findings on page 15 & 16 for reporting options).</u>
NOTE (3)	Upon completion of the audit of the applicable entity to which the local charter school is associated, a revised (unqualified) Independent Accountant's Report along with any additional adjustments should be forwarded to CSDE, Office of Internal Audit, in accordance with step 7 on page 8.
NOTE (4)	If the Independent Accountant intends to submit an electronic version of the Independent Accountant's Report, please email the AUP report by January 3, 2017 to the Bureau of Grants Management at grants.sde@ct.gov. The entity should be indicated in the subject and the attachments (pdf and/or excel) should be referenced by name in the body of the email. When an email is received, the account will send an automated response, which will serve as your confirmation of receipt.
NOTE (5)	<p>The Charter School Grant program funding under Connecticut General Statute Section 10-66ee is paid to the town where the charter school is located (rather than paid to the charter school directly).</p> <p>The funds paid to the town are then paid by the town to the fiscal authority for the local charter school. The expenditures from these funds are reported on the Charter School's End of Year School Report (ED001C) and not on the school district's End of Year School Report (ED001).</p>