

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

**Agreed Upon Procedures (AUP) Package For 2018-2019
Education Financial System Data
And
October 2019 PSIS Data Elements**

**STATE CHARTER SCHOOLS
REVISED AUGUST 2019**

**2018-2019
October 2019 PSIS Data**

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STATE CHARTER SCHOOLS

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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 Connecticut General Statutes (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 10-66uu 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(a)(1)
Turnaround Office	The "Turnaround Office" provides information/guidance on Charter School Programs. The Charter School Program Manager is Robert Kelly, (860) 713-6574.
Performance Office	The "Performance Office" 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."
BFS	The "Bureau of Fiscal Services" 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 Education Financial System data.
EFS	The "Education Financial System" 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 _____

2018-2019, October 2019 PSIS

The primary objective of this program is to perform certain agreed upon procedures for the financial and enrollment data (*Education Financial System and October 2019 PSIS Data Elements*) submitted by state charter schools.

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

- ✦ **Agreeing of financial information to records audited by the charter school's independent auditors;**
- ✦ **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 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.**

Statute requires that this report must be submitted to CSDE on or before December 31, 2019.



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 16). If it is sent by mail, it must be sent by certified, return receipt requested mail by December 31, 2019 to 450 Columbus Boulevard, Hartford, CT 06103 (See Step 16 on Page 12).

For questions concerning this AUP Package, please contact Nora Chapman, Office of Internal Audit, via email at nora.chapman@ct.gov or phone (860) 713-6540.

PREPARATION

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>1. Obtain and read the following materials to assist with the AUP:</p> <p>a) Instructions for the 2018-2019 Education Financial System can be accessed on the internet at:</p> <p>https://portal.ct.gov/SDE/Fiscal-Services/EFS/EducationFinancialSystem/Documents</p>		
<p>b) The 2019-2020 PSIS Reference Guide prepared by the Performance Office. This can also be accessed on the internet at:</p> <p>https://portal.ct.gov/-/media/SDE/Performance/Data-Collection/Help-Sites/PSIS/2019-20_PSIS_Reference_Guide.pdf?la=en</p>		
<p>c) <u>Financial Accounting for Local and State School Systems: 2014 Edition.</u> This document is located on the internet at:</p> <p>https://nces.ed.gov/pubs2015/2015347.pdf</p>		
<p>d) All relevant audit reports for the year subject to audit. These may include:</p> <ul style="list-style-type: none">  Basic Financial Statements and Auditor's Report on the charter school. 		
<ul style="list-style-type: none">  Federal and State Single Audit Reports. 		
<p>e) A listing of the Charter's FY2018-2019 federal and state grants payments provided through the CSDE. The listing is available at:</p> <p>https://www.csde.state.ct.us/public/dgm/grantreports1/paydetlMain.aspx</p>		
<p>f) Sections 10-66aa through 10-66uu 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 F of the EFS User Guide).</p>		
<p>2. Obtain the following data reports, forms and information:</p> <p>a) 2018-2019 EFS Data 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 following reports on the day fieldwork is started:</p> <ul style="list-style-type: none"> - 2018-2019 EFS DR3 - Schedule Report - 2018-2019 EFS DR1 - Function/Object Summary Report <p>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 2019 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 1, 2019.

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>c) The October 2019 Desk Audit Findings/Variations issued by BFS to the Charter School. These findings are a result of desk reviews performed by BFS on 2018-2019 Education Financial System 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 EDUCATION FINANCIAL SYSTEM DATA

	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 F of the EFS User Guide) 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 in EFS, 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 with the instructions in Appendix F of the EFS User Guide.</p>		
<p>4. Procedures for testing expenditures reported in EFS:</p> <p>a) Determine that each grant included on the listing of 2018-2019 Federal Awards and State Financial Assistance obtained in Step 1e is included on the Federal Funding Schedule and the State Funding Schedule as applicable.</p>		

Note: If no “in-kind” expenditures have been reported on the 2018-2019 EFS Schedule Report, go directly to Step 4d.

<p>b) To become familiar with CSDE reporting requirements for in-kind expenditures, read the instructions for EFS Funding Source Code “12” in Section 4.2 of the EFS User Guide.</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 EFS DATA (CONT'D)

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>d) Agree amounts appearing on:</p> <p style="margin-left: 40px;">Line LC101 – LC104 Local Funding Schedule Line FC101 – FC301 Federal Funding Schedule Line SC101 – SC301 State Funding Schedule Line PC101 – PC108 Private/Miscellaneous Schedule</p> <p>to the supporting documentation.</p>		
<p>e) Obtain the supporting documentation for the amounts reported on the EFS DR1 - Function/Object Summary Report.</p>		
<p>f) For each Line on the EFS DR1 - Function/Object Summary Report 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 these lines.</p>		
<p>g) For the items selected in Step 4f determine that the amounts have been properly classified by education type, function and object categories in accordance with Section 4.3 – 4.5 of the EFS User Guide.</p>		
<p>5. Procedures for the State Charter School Grant and Reserve Fund Monitoring Schedule are as follows:</p> <p>a) For Line MC102, by inquiry and review of supporting documentation, confirm that the amount reported represents 2017-2018 carryover funds expended in fiscal year 2018-2019.</p>		
<p>b) For Line MC202, by inquiry and review of supporting documentation, confirm that the amount reported represents prior year reserve funds expended during fiscal year 2018-2019.</p>		
<p>c) For Line MC304, by inquiry and review, determine whether unexpended funds carried-over from the prior fiscal year are included on Line MC304. Report the amount in the Schedule of AUP Findings.</p>		

AGREED UPON PROCEDURES FOR EFS DATA (CONT'D)

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>d) For Line MC305, by inquiry and review of supporting documentation; determine that the amount reported represents the amount of unexpended 2018-2019 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.</p>		
<p>6. <i>Procedures for the Charter School Related Party and Management Organization Information Schedule are as follows:</i></p> <p>a) Based on inquiries with responsible Management and/or Board Members, confirm the responses to Lines RC101, RC102, RC104 and RC201. Ensure that all related party disclosure information and payments to charter school management organizations are disclosed in accordance with procedures in Section 3.19 of the EFS User Guide.</p>		
<p>b) Agree information contained on Lines RC103 and RC202 to supporting documentation.</p>		
<p>c) <u>Any related party or management company information not properly disclosed on this schedule must be included in the comments section of the Independent Accountant's Report.</u></p>		
<p>7. If the audit of the charter school's financial statements has not been completed prior to submission of the Independent Accountant's Report for this AUP Package (due December 31, 2019), all adjustments resulting from completion of the Charter School audit must be read to determine if there is any impact on EFS data 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. <i>Obtain the desk audit correspondence referred to in Step 2c and confirm that all findings have been addressed by the Charter School.</i></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 and is used for public reporting and analysis as well. 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, 2019 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, report 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) 713-6540 for consultation.

	Procedure Performed By	Comments, References to Analyses, Etc.
<p>9. Obtain the Charter School Racial Survey by Town of Residence Report(s) for the October 2019 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 2019 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  Special Program Status Code 		

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 the October 1, 2019 snapshot date to confirm that students are 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 should 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 Education Financial System data has been properly reflected.</p>		
<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.</p>		
<p>16. Submit a signed copy of the Independent Accountant's Report to:</p> <p>Roger Persson, Chief of Fiscal/Administrative Services Bureau of Fiscal Services Connecticut State Department of Education 450 Columbus Boulevard, Suite 404 Hartford, Connecticut 06103 Email Address: grants.sde@ct.gov (See Note 4 on Page 16)</p>		

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

 <u>REPORT CHECKLIST</u>	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)**

Date:

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 Charter School for the year ended June 30, 2019 and October 2019 PSIS submission. The school year grant data is reported on the following CSDE forms and data systems:

- ✚ **2018-2019 EFS Schedule Report** [specify print date and time of day of the internet application report]
- ✚ **2018-2019 EFS District-Level Function/Object Report** [specify print date and time of day of the internet application report]
- ✚ **10/2019 PSIS (Charter School Racial Survey By Town of Residence Report)** [specify print date and time of the internet application report]

The Charter School's management is responsible for compliance with the CSDE requirements. 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 in the Education Financial System and on the October 2019 PSIS Report (**See Note 1**). The adjustments are incorporated in the following internet application printouts: (**Specify print date and time of day for the EFS printout(s) and the PSIS printout (See Note 2) as appropriate**). [We were unable to (describe scope limitation, if applicable.)] (**See Note 3**)

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion or conclusion 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 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)**

Education Financial System

Note: Data adjustments incorporated into the Education Financial System referenced in the Independent Accountant’s Report (third paragraph) do not need to be listed separately in the Schedule of AUP Findings.

PSIS Adjustments

(Name of Charter School)

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

October 2019 PSIS Data

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

Recommended Revisions:

<u>Student SASID</u>	<u>Resident Town Per PSIS Data System</u>	<u>Proposed Adjustment</u>	<u>Adjusted PSIS Data System</u>
xxxxx	xxxxxxx	xxxxxx	xxxxxxx
xxxxx	xxxxxxx	xxxxxx	xxxxxxx
xxxxx	xxxxxxx	xxxxxx	xxxxxxx

NOTES

NOTE (1)	<u>October 2019 PSIS Data Revisions must be listed separately in the Schedule of Findings.</u>
NOTE (2)	Only the forms being revised should be referenced in this sentence.
NOTE (3)	Upon completion of the charter school audit, a revised (unqualified) Independent Accountant's Report along with any additional adjustments must 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 (in pdf format) by December 31, 2019 to the BFS at grants.sde@ct.gov. The entity should be indicated in the subject. When an email is received, the account will send an automated response, which will serve as your confirmation of receipt.