

**PROGRESS IN EDUCATION, INC.
NORTH SIDE COMMUNITY SCHOOL
ST. LOUIS, MISSOURI**

REPORT TO ADMINISTRATION

JUNE 30, 2011

To the Governing Board
Progress in Education, Inc.
North Side Community School

In planning and performing our audit of the financial statements of Progress in Education, Inc. - North Side Community School for the year ended June 30, 2011, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. (We previously reported on the School's internal control in our report dated December 14, 2011.) This letter does not affect our report dated December 14, 2011, on the financial statements of North Side Community School. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of administration, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

ATTENDANCE - Attendance statistics are among the primary numbers that drive school revenues. For this reason, we spend a significant amount of time auditing this area. During our audit, we noted errors in the computation of hours in attendance. The causes of these errors appeared to be two-fold. First, the hours in session in the attendance reporting software did not reflect the actual hours in session. Second, an individual other than the one who performed the computations did not review the records. We recommend that the School review its procedures for attendance reporting and revise them as necessary to increase the accuracy of its reports. We also noted that the School's year end attendance information that is uploaded through MOSIS did not agree to the information in the School's attendance software. As a result of our audit, the School has resolved the discrepancies and uploaded the correct information through MOSIS which reports the year end attendance figures to the Department of Elementary and Secondary Education.

DEBIT CARDS - During our audit we noted that the School does not have procedures to review the Business Manager's debit card purchases. We recommend the School develop procedures to ensure all debit card receipts are reviewed by a School official.

SALES TAX ON PURCHASES - During our audit, we noted several instances where the School had paid sales tax on purchases. Because the School is a tax-exempt entity, it is not required to pay sales tax on purchases. Also, after some discussion with the School's Business Manager, we noted that the School does not have disbursement procedures to insure that sales tax is not included on purchases. We recommend that the School implement procedures for all purchases to be excluded from sales tax by providing proper information to the vendor.

This report is intended solely for the information and use of the Governing Board and the administration and is not intended to be and should not be used by anyone other than these specified parties.

Westbrook & Co., P.C.

December 14, 2011