STEP UP FOR STUDENTS

SCHOOL HANDBOOK

For the 2015 - 2016 Academic Year

A guide to the Florida Tax Credit Scholarship

Compiled by Step Up For Students
The Scholarship Funding Organization serving all 67 Florida counties

Rev. 11-15
Step Up For Students Program Overview

Step Up For Students was created to help alleviate the enormous educational challenges faced by children in Florida who live in or near poverty. The program provides Tax Credit Scholarships to students in grades K-12 who come from low-income families. These scholarships allow the students to consider a participating private school or an out-of-district public school that may better suit their individual needs, an option which already is available to families of greater financial means. This choice is not based on whether the public school is judged as succeeding or failing. Rather, it recognizes that different children learn in different ways and that our collective struggle is to help the students who often are at the greatest disadvantage in modern education.

School Contacts

Enrollment Specialist
Within the Step Up For Students Operations Team, there are three Enrollment Specialists. These individuals are responsible for working with the participating private schools throughout the state of Florida. The Enrollment Specialists are the team members who will assist you with all school operations related to the Step Up For Students Scholarship, such as registering and withdrawing students and questions regarding funding.

Manager of School Partnerships
Within the Step Up For Students Operations Team, there is also a Manager of School Partnerships. This individual is responsible for assisting schools with questions they may have about the Financial Reporting requirement as well as any questions or requests they have about payments, including stop-payment and reissue requests. In addition, the Manager of School Partnership conducts school visits throughout the year and is also in constant communication with the Florida Department of Education regarding any compliance issues that may arise for a school.

Participating School Obligations and Responsibilities

Participating School Eligibility

- Compliance

In order to accept students who receive the Step Up For Students Scholarship, a school must apply with and meet the annual compliance regulations of the Florida Department of Education (DOE). A full listing of requirements and deadlines can be found at www.floridaschoolchoice.org under “Private School Information for Administrators.” For questions related to Florida DOE compliance requirements or deadlines, you may contact your DOE regional manager by calling 800.447.1636. A listing of regional managers can be found here: www.floridaschoolchoice.org/PDF/Regional_Managers.pdf.

- SUFS Participation Agreement and Fee Schedule

Each year participating private schools are required to submit the Step Up For Students School Participation Agreement and the Fee Schedule for the academic year. Schools will not be able to register Step Up students or receive funding until both have been completed and received.
The Participation Agreement is strictly between the participating private school and Step Up For Students and is separate from the Florida Department of Education compliance process. After reviewing the school handbook, the school’s primary administrator must check off each item and sign the Participation Agreement. If another individual handles the administrative requirements for students and families receiving a Step Up For Students Scholarship, they must also sign the Participation Agreement. This must be submitted by August 1st of each academic year in order to receive the first payment.

The submission of the Fee Schedule is a two part process. First, the school must electronically submit its Fee Schedule information by accessing the secured school login via the Step Up For Students website. (See Online Tools for information about accessing the secured school login) Second, the school must submit a copy of its published Fee Schedule for the academic year. Please make sure that the school name and 4 digit DOE number are on the fee schedule. There is not a deadline for completing this process, however please keep in mind that you will not be able to register Step Up students until this is completed. Failure to submit in a timely manner will result in delay of payment. Please do not send a printed copy of the electronic Fee Schedule.

The Participation Agreement and published Fee Schedule must be submitted to an Enrollment Specialist via either of the following methods. Enrollments Specialists are also available to assist with any questions related to the Participation Agreement or Fee Schedules.

Email: enrollment@sufs.org OR Fax: 813-862-2325

- Norm Referenced Testing

All participating private schools are required to administer a state-approved norm-referenced standardized test annually to Step Up Scholarship students in grades 3 through 10. A list of state-approved exams can be found by visiting www.floridaschoolchoice.org. Copies of the score sheets with the student’s name, testing date, and national percentile ranking must be sent to a state-contracted researcher, by August 15th of each year. The Learning Systems Institute at Florida State University was recently appointed as the agency that will collect and evaluate test scores.

- Financial Reporting

If a participating private school receives more than $250,000 in Step Up For Students Scholarship funding during an academic year, an annual review of the Agreed-Upon Procedures must be conducted by an independent Florida Certified Public Accountant. A report of the findings must be submitted to Step Up For Students no later than September 15 of each year to the address below. As a reference we have included the Agreed-Upon Procedures for 2014, as an addendum. This report covers specifically the 2013-2014 academic year. In accordance with the law the Agreed-Upon Procedures can be revised every other year. Every spring we provide schools with the latest version of the Agreed-Upon Procedures guidelines. For questions regarding the Financial Reporting requirement, please contact Mayte Gonzalez.
Graduation Survey

Participating private schools are required to complete the Step Up For Students Graduation Survey for any 11th or 12th grade Step Up students who attended during the academic year that have graduated. The survey will become available on June 1st and must be completed by June 30th of each academic year. To complete the Graduation Survey, the school must access its secured school login via the Step Up For Students website. For questions regarding the Graduation Survey, please contact our Enrollment Specialists. (See Online Tools for information about accessing the secured school login)

Online Tools

Step Up For Students has created online tools to assist participating private schools in completing functions required to validate scholarship students and in gathering information about returning students’ scholarship applications. These tools are accessible via the Step Up For Students website, www.stepupforstudents.org. Once on the website, clicking LOGINS then SCHOOL LOGIN will open the school login screen. By using the 4-digit code assigned by the Florida Department of Education (DOE) and a password the school will enter its secured school login. For assistance accessing your secured school login, please contact our Enrollment Specialists.

In addition to the secured school login, we have an internal system called the Scholarship Administration System (SAS), which works with the secured school login to process information submitted by the schools and determine funding. This system also tracks student enrollment, student withdrawal and payments made to schools.

Scholarship Funding & Award Letters

The Step Up For Students Scholarship award amount changes from one year to the next, based upon the state education budget. All schools will be informed of the maximum award amount prior to the beginning of the academic year. When a student is approved for the scholarship the family is able to download its Award Letter from its Step Up online account. The family will then present the Award Letter(s) to the participating private school of its choice. If the student is a Renewal, meaning that s/he received funding from Step Up the previous school year, it is possible that a partial scholarship will be awarded depending on if the family income has increased. The partial scholarships are either for 75% or 50% of the maximum annual award amount of the scholarship. The Award Letter will specify whether the student received a full or partial scholarship. Please keep in mind that the partial scholarships only apply to Renewal students. (See Student Application Process for more information regarding the application process)

The scholarship funds may be used towards the following private school fees and are allocated in the order below until the maximum award is reached, or until all fees are satisfied:

- Tuition
- Books sold through the school (e.g. textbooks, workbooks, etc.)
- Registration
- Transportation services that occur during regular school hours (e.g. transportation services to/from school or for field trips)
- Uniforms sold through the school
- Testing (e.g. standardized or entrance testing)
Other fees, not including after school care services (e.g. graduation fees, yearbook fees, field trips, etc.)

Fees paid to a third-party vendor (including books and uniforms) will not be covered by the Step Up For Students Scholarship. The student’s funding start date is based on the latest of the following four factors: date that the student was awarded the scholarship; the school’s first day for the academic year; the student’s first day of attendance to the school; or the date the school became compliant with the Florida DOE. Scholarships are paid using a daily rate based on a 200 day academic year. The daily rate is calculated by taking either the maximum award amount for the student or the amount needed to satisfy the student’s fees, whichever is less, and dividing that amount by 200. Amounts extending to three or more decimal places are rounded in accordance with rounding rules used in the banking and finance industry. For questions regarding scholarship funding and Award Letters, please contact our Enrollment Specialists.

School Commitment Form
To register a Step Up student who will be attending your school, you need to complete and electronically submit a School Commitment Form (SCF) for the student by accessing your secured school login via the Step Up For Students website. In order to complete the SCF, you will need the student’s Award ID, also known as the Unique Identifier, which will be on the student’s Award Letter. By completing this form the school and the parent are confirming the student’s enrollment and are authorizing Step Up For Students to distribute scholarship funds to that school for the student.

Please note: A student enrolled in more than two courses per academic year at a virtual school, correspondence school, or distance learning program that receives state funding is not eligible to receive a Step Up For Students Scholarship during that same academic year.

Failure to submit the SCF in a timely manner will result in delay of scholarship funds for the student.
Please keep in mind that all approved students will have an Award Letter. If you have questions regarding the School Commitment Form, please contact an Enrollment Specialist.

Do not accept a student without an Award Letter unless you assume full responsibility for his/her tuition.

**Exit Confirmation Form**

If a student withdraws from a participating private school during the academic year, an Exit Confirmation Form (ECF) must be completed and electronically submitted through the school’s secured login via the Step Up website within five (5) business days of the withdrawal. Please provide as much information as possible when completing the ECF. When entering the student’s last day of class, the school must provide the last date that the student physically attended the school, regardless of official withdrawal notification.

There are portions of the ECF related to outstanding balances owed to the school by the parent and student’s behavior. If the parent has an outstanding balance at the time of the withdrawal, please indicate this information on the ECF. If the balance is for an individual student, then the balance should be indicated on the individual student’s ECF. If there is a family balance, please divide the balance by the number of children and enter the amount on each student’s ECF. (See Financial Obligation for more information) If a student is being withdrawn due to expulsion, please indicate this information on the ECF. **If a student is expelled a third time from a participating private school, the student will lose the scholarship permanently; with no option to renew.** (See Discipline for more information)

Once the ECF is received, it will be processed to determine whether additional money is owed to the participating private school or if money is owed back to Step Up For Students. If it is determined that additional money is owed to the school, a check will be included in the next payment distribution. Please keep in mind that scholarship checks require parent signature in order to be deposited. If the parent does not sign the scholarship check, for any reason, the scholarship check would need to be returned to Step Up For Students. At that time the school would proceed with its policies and procedures for collecting an outstanding balance for the student. In these cases, it is important to notify an Enrollment Specialist or Manager of School Partnership so that the family’s Step Up account can be updated to reflect an outstanding balance. If it is determined that money is owed to Step Up For Students, an invoice will be sent to the school. The reimbursement must be submitted to our office by the deadline indicated on the invoice. Payment plans for invoices may be negotiated. Failure to submit payment for invoices by the deadline and/or the agreed-upon payment plan schedule will result in the suspension of funding from Step Up For Students. If you have specific questions regarding completing an ECF, please contact an Enrollment Specialist.

**Transfer Students**

The Step Up For Students Scholarship may be transferred to another participating private school throughout the academic year.

To transfer the scholarship, the current participating private school must first withdraw the student by electronically submitting an ECF. (See Exit Confirmation Form for more information). Once the ECF has
been submitted, the new school will need to electronically submit an SCF for the student. (See School Commitment Form for more information)

Funding for students transferring will be determined for each school based on the student's funding start date and the actual days the student attended the school. The total may not exceed the student's maximum funding amount for that academic year.

Please note that if a student has an outstanding balance with the previous school, the student will not be able to transfer the scholarship to the new school until a payment arrangement is made with the previous school or the balance is paid in full.

For questions regarding transferring a Step Up student, please contact an Enrollment Specialist.

Scholarship Distribution & Student Verification

The Step Up For Students Scholarship funds are distributed through four (4) payments per academic year. Prior to the start of the academic year, schools will be provided with a Payment Distribution Schedule that will list the dates that the four (4) payments as well as other key dates relevant to scholarship payments. Scholarship payments are mailed to the school's physical address that is on file with the Florida Department of Education. If the checks need to be sent to a different address, please contact our Manager of School Partnerships.

In order to receive payment, schools are required to verify their Step Up Scholarship students by completing and electronically submitting the Step Up Verification Report (VR). The verification process takes place four (4) times per academic year. To complete this process, the school must access its secured school login via the Step Up For Students website. The VR is a listing of each student for whom a payment is due for the current payment distribution, as well as questions related to each student's attendance and financial status. The VR is only available for a five day period, known as the Verification Window, prior to each distribution. In order to receive payment on the scheduled distribution date, the school must electronically submit the VR before the Verification Window closes. Failure to do so will result in delayed payment. The dates of the Verification Window for each distribution will be listed on the Payment Distribution Schedule that will be provided to schools prior to the start of the academic year.

The school will receive one scholarship check per verified student. Parents and schools must abide by the Step Up For Students Check Cashing Policy which is included within each check package and can be found within the addendum of this handbook.

For questions regarding the student verification process, scholarship distribution, or the check cashing policy, please contact an Enrollment Specialist.
Scholarship Recipient Obligations

Student Attendance
Students must abide by the attendance policy of the participating private school in which they are enrolled. Failure to do so may result in a loss of scholarship. Should extenuating circumstances exist that cause a student to be absent for an excessive amount of days, during which no education is being provided by the school to the student, the school should submit an Exit Confirmation Form (ECF) for this student. Once the student has returned to the participating private school, a School Commitment Form (SCF) should be submitted to reactivate scholarship funding. If the circumstances surrounding the student’s absence are unique, please contact an Enrollment Specialist for additional guidance.

Discipline
Students and families must abide by the behavioral and disciplinary policies of the participating private school in which the student is enrolled. Failure to do so may result in loss of scholarship. A participating private school reserves the right to suspend or expel students if its published policies are not followed. If a student, over the course of his/her academic career as a Step Up For Students Scholarship recipient, is expelled from a participating private school three (3) times, s/he will lose the scholarship permanently; with no option to renew (this will not affect the scholarship of any siblings). For any specific questions, please contact an Enrollment Specialist.

Scholarship Payments
Checks are distributed to the participating private school in four (4) installments throughout the academic year. The parent or guardian listed on the check must endorse the check upon notification by the participating private school that the check is available. Failure to endorse a scholarship check in a timely manner could result in the loss of scholarship and/or an outstanding balance at the participating private school.

The participating private school or any entity related to it may not be assigned as a Power of Attorney (POA) for any purpose related to a Step Up For Students Scholarship. However, Step Up For Students may accept a properly executed Power of Attorney for the purposes of signing scholarship checks, after submission of the document by the applicant to Step Up For Students for approval.

Should there be an emergency (i.e. illness, death, etc.) and another parent/guardian needs to sign a scholarship check, please contact an Enrollment Specialist for further instructions.

Financial Obligation
If the cost to attend the participating private school is more than the student’s funding amount for that academic year, the parent is responsible for the difference. If a student withdraws from a school and has an outstanding balance, the school must indicate the balance on the student’s ECF. If the balance is for an individual student, the balance should be indicated on the individual student’s ECF. If there is a family balance, please divide the balance by the number of children and enter the amount on each student’s ECF. If the balance is indicated on the student’s ECF, the student will not be able to transfer
his/her scholarship to another school unless the balance is paid in full or an acceptable payment arrangement is reached with the school.

If the family does not keep up with the payment arrangement but has already transferred to another school, we will not revoke the student’s scholarship. Please keep this in mind and only make payment arrangements with those families who you are confident will keep up with the arrangement. The school must notify Step Up For Students immediately once that balance is paid. If a student has an outstanding balance from a previous academic year, Step Up For Students reserves the right to award the student depending on the individual circumstances. Please contact an Enrollment Specialist with any questions regarding financial obligations.
Addendum

Step Up For Students Contact Directory

- Enrollment Specialists:

<table>
<thead>
<tr>
<th>Stephanie Walker</th>
<th>Amanda Jacobson</th>
<th>Farrah Palo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone: 904-416-0653</td>
<td>Phone: 904-416-0654</td>
<td>Phone: 904-595-6807</td>
</tr>
<tr>
<td>Email: <a href="mailto:enrollment@sufs.org">enrollment@sufs.org</a></td>
<td></td>
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<tr>
<td>Fax: 813-862-2325</td>
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<tr>
<td>Address: P.O. Box 54367</td>
<td></td>
<td></td>
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<tr>
<td>Jacksonville, FL 32245</td>
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</tbody>
</table>

- Manager of School Partnerships

Mayte Gonzalez
Phone: 904-352-2245
Email: mgonzalez@stepupforstudents.org
Fax: 904-592-6519
PO Box 54367
Jacksonville, FL 32245
**Student Application Process**

All applications for the Step Up For Students Scholarship will be completed electronically at [www.stepupforstudents.org](http://www.stepupforstudents.org). NOTE: A valid email address and a $35 application fee are required to complete an application. Students eligible for the scholarship will fall into one of the following categories:

- A Renewal student is a student who attended a participating private school and received funding for at least one day during the previous academic year.
- An Add-on student is the sibling of a Renewal student who is being added to the application for consideration for a scholarship.
- A New student is a student who was not funded by the scholarship the previous year or a student that has not previously applied.

In order to qualify for the scholarship, the following requirements must be met:

- If a student is entering kindergarten he/she must be five years old on or before September 1st of the academic year being applied for.
- If a student is entering first grade he/she must be six years old on or before September 1st of the academic year being applied for.
- All families, regardless of student type, must meet the income guidelines found on our website.

Renewal applicants may qualify for either a full scholarship (100%) or partial scholarship (75% or 50%) depending on which income bracket they fall into. If the student is awarded a partial scholarship, it will be indicated on the Award Letter.

Applicants can check their application status at [www.stepupforstudents.org](http://www.stepupforstudents.org) by clicking on “Logins,” then click the hyperlink under “Parent Login.” The User ID and Password are those established during the completion of the original application process. Schools **should not** complete or submit applications for families.
School Participation Agreement
2015-16

After reading the 2015-16 school handbook, please read and check off each item below. This document must be signed by the school’s primary administrator. If another individual handles the administrative requirements for students and families receiving a Step Up For Students Scholarship, he/she must also sign this document.

☐ I certify that I have been deemed compliant to participate in the Florida Tax Credit Scholarship by the Florida Department of Education and that I understand the requirements to maintain compliance each year.

☐ I certify that I understand that a student is not able to receive funding from more than one of the following scholarships at one time: the Florida Tax Credit scholarship, the Personal Learning Scholarship Account (PLSA) program and the John McKay Scholarship.

☐ I certify that an approved standardized test will be administered to any Step Up students in grades 3 through 10 and that their scores will be provided to the Learning Systems Institute prior to August 15, 2015, as required by law.

☐ I certify that I understand that I am required to have an annual review conducted by a Florida certified public accountant and report findings to Step Up For Students if the school receives more than $250,000 in Step Up funding in one school year.

☐ I certify that I understand that I am required to submit a set of tuition and fees to Step Up For Students that lists charges for all school families regardless of their method of funding (cash, scholarship or otherwise).

☐ I certify that I have read, understand and will comply with the policies and procedures for administering the Florida Tax Credit Scholarship for students enrolled in my school that are eligible and using those funds.

☐ I understand that failure to abide by Step Up’s policies and procedures will result in loss of payment or loss of eligibility as a participating school in the Florida Tax Credit Scholarship.

______________________________________________________________
School Name

______________________________________________________________
School Code

______________________________________________________________
Primary Administrator (print)  Primary Administrator (signature)  Date

If the person who will be responsible for the documentation requirements of the program (verifying students and payments, submitting school commitment forms, etc) is different than the person named above, that individual must also sign below.

______________________________________________________________
Scholarship Administrator (print)

______________________________________________________________
Scholarship Administrator (signature)  Date

Please return completed form by August 1, 2014 to:
Enrollment Specialists
Email: enrollment@sufs.org
Fax: 813-862-2325
Scholarship Check Distribution Policy / Procedure

Policy: Step Up For Students scholarship checks, made payable to the applicant, on behalf of the scholarship student, will be distributed to eligible, participating schools, no less frequently than four (4) times each scholarship year.

Procedure: Scholarship Verification

Four (4) times each scholarship year, prior to each distribution completion of an online student verification is required. The verification consists of a listing of each student at the specific eligible, participating school for whom a School Commitment Form was submitted. Questions related to the student’s attendance, financial accounts must be answered and the report submitted to Step Up For Students prior to the established deadline in order for scholarship payments to be processed.

Scholarship Check Distribution

Following each scholarship verification scholarship payments will be processed in the form of checks (i.e., warrants) and mailed to those eligible, participating schools that completed and submitted their verification report within the specified timeframe. All the scholarship checks for each verified student will be mailed in a single package to the physical address on file with the Department of Education. If checks need to be sent to a different address, a Scholarship Check Mailing Address Form must be submitted to the Manager of School Partnership at Step Up For Students. The form must be signed by the Chief/Owner Operator of the school.

Each package will contain the following items: 1) a scholarship check for each verified student; 2) two letters of transmittal—one for the school’s records, one to be signed and returned to Step Up For Students as verification of receipt of the scholarship checks.

* If, when completing the verification report, an indication is made that a student is no longer attending that eligible, participating school, and an Exit Confirmation Form was submitted, an adjustment will be made in the scholarship payment to reflect the exact number of days the student attended that school. The scholarship check included in the packet will reflect the adjustment.

* If subsequent to the submission of the verification report a child withdraws from attending that eligible, participating school, the scholarship check included in the packet will not reflect an adjustment. The scholarship check should be properly endorsed and deposited. Upon submission of the Exit Confirmation Form an invoice for any overpayment of scholarship funds will be generated and sent to the school. Reimbursement of scholarship funds is expected to be made to Step Up For Students by the deadline indicated on the invoice.

* If a scholarship check is received for a student receiving funds from The John M. McKay Scholarships for Students with Disabilities Program, an Exit Form must be submitted for the student with an exit date prior to the date The John M. McKay Scholarships for Students with Disabilities Program funding began and the Step Up For Students scholarship check must be returned. If, after submission of the Exit Form, it is determined Step Up For Students scholarship funds are due the eligible, participating school, an adjustment will be made and a scholarship check will be sent to the school.

* In the event a Step Up For Students scholarship check must be returned to Step Up For Students, it should be sent to the following address:

Step Up For Students / ATTN: Finance Department, PO Box 54367, Jacksonville Florida 32245-4367
* The Step Up For Students scholarship was created to “ensure that all parents, regardless of means, may exercise and enjoy their basic right to education for their children as they see fit...” (Florida Senate Bill 2126, 1002.395 Florida Tax Credit Scholarship Program; (1)(a)3). For this reason the scholarship checks are made payable to the parent and are signed over to the eligible, participating private school of the parent’s choosing as payment for tuition and fees.

**Scholarship Check Cashing Policy / Procedure**

**Policy:** Upon receipt of a Step Up For Students scholarship check, the parent/s to whom the scholarship check is made payable must restrictively endorse the check to the private school for deposit into the account of the private school. The parent may not designate any entity or individual associated with the participating private school as the parent’s attorney in fact to endorse a scholarship check. A participant who fails to comply with this paragraph forfeits the scholarship. [Florida Senate Bill 2126, 1002.395 Florida Tax Credit Scholarship Program, (7)(f)]

**Procedure:** Scholarship Check Endorsement—Parent

Each Step Up For Students scholarship check must be endorsed by the payee named on the check.

* If more than one parent or guardian is named as the payee on the scholarship check, at least one of them must sign the check. The names will be shown as follows: primary parent/guardian name OR secondary parent/guardian.

* If the parent or guardian named as the payee on the scholarship check is not available to sign a scholarship check and has authorized another individual (not related to the private school in any way) as their Power of Attorney, after submitting copies of the Power of Attorney to Step Up For Students, that individual may sign the scholarship check.

* All scholarship checks must be endorsed by the named payee/s or their designee before being deposited into the private school’s account. The parent’s endorsement should be above or below the school’s stamped endorsement.

* Step Up For Students will conduct routine, random audits of the parent or guardian’s endorsement on scholarship checks. The school will be notified in the event of a finding related to the endorsement. Repeated findings could result in disciplinary action or loss of participation privileges.

**Scholarship Check Endorsement—School**

Each Step Up For Students scholarship check must be endorsed by the private school named on the check.

* The scholarship check must be endorsed by the school using a stamp with the following information:
  FOR DEPOSIT ONLY
  Name of School
  Name of Bank / Account #

* Once received, the school is responsible for the security of the scholarship checks. The parent should be notified that a scholarship check, requiring their signature, is at the school, and the school should make every effort to provide a time and place at the school for the parent to sign the scholarship check.

* Step Up For Students will conduct routine, random audits of the school’s endorsement on scholarship checks. The school will be notified in the event of a finding related to the endorsement. Repeated findings could result in disciplinary action or loss of participation privileges.
Overview

The Florida Tax Credit Scholarship was enacted in 2001 to provide educational options to make scholarships available to children whose household income qualifies them for free or reduced-price lunch. In 2010, the Legislature added a new provision, 1002.395(8)(e), that requires participating schools receiving more than $250,000 in scholarship money during the fiscal year July 1 to June 30 to file an accountability report. This accountability report focuses on the use of the scholarship money and the financial procedures and controls in place at the schools. That report, in the form of Agreed-Upon Procedures, is to be completed by an independent and current, Florida Certified Public Accountant (CPA).

The Agreed-Upon Procedures are developed and revised jointly by all state-approved nonprofit Scholarship Funding Organizations that have provided more than $250,000 in Tax Credit Scholarships in the year prior to each biennial review. The first review of the Agreed-Upon Procedures was completed in February 2013 and revised Agreed-Upon Procedures were provided to private schools and the state education commissioner on March 15, 2013. The revised Agreed-Upon Procedures below were developed in accordance with the standards established by the American Institute of Certified Public Accountants in Statements on Standards for Attestation Engagements (AT Sec. 201) and following the input of accrediting associations that are members of the Florida Association of Academic Nonpublic Schools.

Each school receiving more than $250,000 in a fiscal year, July 1 to June 30, is required to submit an original copy of the Independent Accountant’s Report on Applying Agreed-Upon Procedures to the Scholarship Funding Organization that provides more than half its scholarship receipts by September 15, following the end of that fiscal year. Faxed copies will not be accepted and will be discarded upon receipt. In return, the Scholarship Funding Organization must report to the Commissioner of Education by October 30 of that year: 1) A school’s failure to file the Independent Accountant’s Report on Applying Agreed-Upon Procedures; and 2) Any material exceptions set forth in a school’s Independent Accountant’s Report on Applying Agreed-Upon Procedures.
The Agreed Upon Procedures

I. School Eligibility

A. Examine the compliance letter—or other proof of eligibility from the Florida Department of Education that cover the school year being tested, and include copies with report.

II. Adequate Accounting System

A. Specify the accounting software or system used to maintain the school’s financial records.
B. Examine the chart of accounts and the method the school uses to identify and record its various funding sources (tax credit scholarships, tuition, local, state or federal funding). Is each funding source separately classified in the accounting records?

III. System of Financial Controls:

By inquiry,
A. Verify that the school’s scholarship monies are held at a federally insured depository institution.
B. Provide a description of non-school expenses and the names of other organizations that share the same bank account.
C. Provide a brief synopsis of the procedures the school uses to disburse money for capital expenditure, personnel, services, and materials.
D. Describe the financial controls that are used in conjunction with the procedures for disbursing funds, as summarized in Agreed-Upon Procedure III C, to ensure disbursements are for school-related expenses.
E. Verify that bank reconciliations are completed and independently reviewed within 60 days of each month end.
F. Identify whether an annual budget is utilized.
G. Describe material exceptions identified by Procedures III A – F.

IV. Process for deposit and classification of scholarship funds

A. Provide a brief synopsis of the procedures the school uses to record cash receipts and check receipts.
   The Florida Tax Credit Scholarship legislation requires that each parent restrictively endorse the warrant to the private school for deposit into the account of the private school. Include the school’s procedures for parent endorsement and deposit of the scholarship warrants in the synopsis of procedures.
B. Describe the financial controls that are used in conjunction with the procedures for recording receipts, as summarized in Agreed-Upon Procedure IV A, to ensure school-related receipts are completely and accurately recorded.
C. Describe material exceptions identified by Procedures IV A – B.

V. Properly expended scholarship funds for education-related expenses

A. Obtain the dollar value of the Florida Tax Credit Scholarships awarded to students attending the school. By examining the general ledger, identify and provide a list of education-related expenses totaling at least that amount.
B. Obtain a copy of the tuition & fees schedule for the school year being tested. Select a sample composed of the greater of either 25 students or 10% of the students from the Tax Credit scholarship payment history. Confirm that the school is following the same policy for all students.
C. Select a sample composed of the greater of either 25 students or 10% of the students from the Tax Credit scholarship payment history. Obtain the school’s student attendance policy. Examine the attendance records for these students and determine whether they meet the school’s attendance standard.
D. Without advance notice to the school of the sample of students, select 10 students from the scholarship
payment history and confirm the student’s presence in school that day. If the student is not present, ensure the student is listed as absent on the school’s attendance record.
E. Describe material exceptions identified by Procedures V A – D.

Specific Guidelines Governing the Materiality of Exceptions

I. Definition of a Material Exception

A. A material exception is a material weakness in internal controls or a material transaction or series of transactions that were not accurately recorded by the accounting system. It is the responsibility of the independent accountant applying the Agreed-Upon Procedures to report exceptions identified during the testing process that they deem material in their report to the Scholarship Funding Organization.
B. What is a material weakness in internal controls? An internal control is a procedure or organizational practice designed to ensure all financial transactions are completely and accurately recorded. If one or more of a school’s internal controls do not achieve this objective, the school’s internal control system has a weakness. That weakness in internal control is defined as a material weakness if it could lead to a material misstatement in a school's financial statements. Material misstatements are errors so significant that they change the judgments and conclusions made by readers of the misstated financial statements. The standards and publications of the AICPA also provide guidance on this subject.

II. Examples of Material Exceptions

Material exceptions are identified with the professional judgment of the independent accountant applying the Agreed-Upon Procedures. The following are examples of material exceptions and do not represent an exhaustive listing.

A. Example One: The situation: The school principal writes checks when he receives a request for payment. He is aware of the service provided. The check is signed by the principal and mailed to the vendor. Supporting documentation is not maintained for these payments. Why is this a material exception? The segregation of duties is inadequate—one person is able to initiate, record, authorize and complete a transaction. This allows inappropriate expenditures to go undetected. In addition, because written documentation is not maintained for each payment, the school will not be able to demonstrate that funds were used for educational expenses.

B. Example Two: The situation: The school principal attends the school meeting held by the Scholarship Funding Organization to hear about program changes and collect the scholarship checks. She deposits these checks in the school bank account on her way home. Why is this a material exception? The parents’ endorsements on the scholarship check were not obtained before the check was deposited. This violates the check cashing procedures published by the Scholarship Funding Organization and included in the Florida Tax Credit Scholarship Program Act. The transmittal sheet listing the scholarship payments made to the school was not independently compared to the deposits in the school bank account. As a result, there is no assurance that all scholarship checks were deposited in the school bank account.

C. Example Three: The situation: The bank account is reconciled at year end. Why is this a material exception? Bank account reconciliations are a key control to ensure all transactions are recorded. Typically, this reconciliation should be completed more frequently and reviewed by someone independent of the preparer.
Independent Accountant's Report
on Applying Agreed-Upon Procedures

To (name of Scholarship Funding Organization):

We have performed the procedures enumerated below, which were agreed to by (name of Scholarship Funding Organization), solely to assist the specified parties in evaluating (name of school)'s compliance with the requirements of Florida Statute 1002.395(6)(n)1.a during the school year ended (Date). Management is responsible for (Name of school)'s compliance with those 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 these procedures is solely the responsibility of those specified parties in this 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.

(List procedures and findings).

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 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 (name of Scholarship Funding Organization) and is not intended to be and should not be used by anyone other than these specified parties.

[Signature]

[City, State]

[Date]
Addendum

1002.395(8)(e)
(8) PRIVATE SCHOOL ELIGIBILITY AND OBLIGATIONS.—An eligible private school may be sectarian or nonsectarian and must:
(e) Annually contract with an independent certified public accountant to perform the agreed-upon procedures developed under paragraph (6)(n) and produce a report of the results if the private school receives more than $250,000 in funds from scholarships awarded under this section in the 2010-2011 state fiscal year or a state fiscal year thereafter. A private school subject to this paragraph must submit the report by September 15, 2011, and annually thereafter to the scholarship-funding organization that awarded the majority of the school’s scholarship funds. The agreed-upon procedures must be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

1002.395(6)(n)
(6) OBLIGATIONS OF ELIGIBLE NONPROFIT SCHOLARSHIP-FUNDING ORGANIZATIONS.—An eligible nonprofit scholarship-funding organization:
(n)1.a. Must participate in the joint development of agreed-upon procedures to be performed by an independent certified public accountant as required under paragraph (8)(e) if the scholarship-funding organization provided more than $250,000 in scholarship funds to an eligible private school under this section during the 2009-2010 state fiscal year. The agreed-upon procedures must uniformly apply to all private schools and must determine, at a minimum, whether the private school has been verified as eligible by the Department of Education under paragraph (9)(c); has an adequate accounting system, system of financial controls, and process for deposit and classification of scholarship funds; and has properly expended scholarship funds for education-related expenses. During the development of the procedures, the participating scholarship-funding organizations shall specify guidelines governing the materiality of exceptions that may be found during the accountant’s performance of the procedures. The procedures and guidelines shall be provided to private schools and the Commissioner of Education by March 15, 2011.
b. Must participate in a joint review of the agreed-upon procedures and guidelines developed under sub-subparagraph a., by February 2013 and biennially thereafter, if the scholarship-funding organization provided more than $250,000 in scholarship funds to an eligible private school under this section during the state fiscal year preceding the biennial review. If the procedures and guidelines are revised, the revisions must be provided to private schools and the Commissioner of Education by March 15, 2013, and biennially thereafter.
c. Must monitor the compliance of a private school with paragraph (8)(e) if the scholarship-funding organization provided the majority of the scholarship funding to the school. For each private school subject to paragraph (8)(e), the appropriate scholarship-funding organization shall notify the Commissioner of Education by October 30, 2011, and annually thereafter of:
(I) A private school’s failure to submit a report required under paragraph (8)(e); or
(II) Any material exceptions set forth in the report required under paragraph (8)(e).
2. Must seek input from the accrediting associations that are members of the Florida Association of Academic Nonpublic Schools when jointly developing the agreed-upon procedures and guidelines under sub-subparagraph 1.a. and conducting a review of those procedures and guidelines under sub-subparagraph 1.b.

AT Sec. 201
http://pcaobus.org/Standards/Attestation/Pages/AT201.aspx
http://www.aicpa.org/Research/Standards/AuditAttest/Pages/audit%20and%20attest%20standards.aspx
This section sets forth attestation standards and provides guidance to a practitioner concerning performance and reporting in all agreed-upon procedures engagements.