



October 30, 2019

Commissioner Richard Corcoran
Florida Department of Education, Office of the Commissioner
Turlington Building, Suite 1514
325 West Gaines Street
Tallahassee, FL 32399

Dear Commissioner Corcoran:

We hereby submit the initial results of the 2018-2019 financial accountability report review for private schools that participate in the Florida Tax Credit Scholarship for low-income students, the Gardiner Scholarship and the Hope Scholarship through Step Up For Students.

This financial accountability requirement is described in Florida Statute 1002.421(1)(q) and requires each school receiving more than \$250,000 of scholarship funds in a single year to engage an independent Certified Public Accountant (CPA) to complete a report that focuses on the use of the scholarship funds and the systems, financial procedures and controls in place at the school. The CPA must complete Agreed-Upon Procedures that are filed with the commissioner and submit an accountability report to the Scholarship Funding Organization (SFO) that provides the majority of the school's scholarship funds. The deadline for that submission is September 15th following the end of that Fiscal Year. In turn, the SFO must notify the commissioner by October 30th of that year of a school's failure to submit a report and of any material exceptions noted in a CPA's report.

In 2018-2019, a total of 1,904 private schools throughout the state served 102,842 low-income scholarship students and received funding from a Step Up For Students program. Due to a change in the programs that are included in determining the scholarship funding threshold, Step Up For Students identified 1,078 schools that received more than \$250,000 of scholarship funds. This represents 288 additional schools, or a 36 percent increase when compared to the prior year. We have communicated with these schools through email, phone calls, and hosted webinars to notify them of their obligations under the law.

As of this date, we have yet to receive reports from 94 schools. The schools and CPAs continue to work to complete their reports and satisfy the financial accountability reporting requirement.

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Of the 984 reports that we received, 307, or 28 percent, contained material exceptions that ranged from inadequate segregation of duties to not utilizing an operating budget. Of those schools with material exceptions reported, 122 or 40 percent of those schools have submitted corrective action plans as of October 30, 2019.

There were 135 schools that submitted incomplete reports. Per the existing departmental policy, they have been granted until December 30th to complete the incomplete sections of their reports. We will notify you by December 20th whether any of these schools have reports that contain material exceptions. We are also attaching the following Appendices for your reference:

Appendix I

- The schools with clean reports,
- The schools with incomplete reports,
- The schools with material exceptions and
- The schools that did not file a report.

Appendix II

- The schools with material exceptions who also submitted a corrective action plan.

We thank you for your support of our programs and promoting education choice.

Sincerely,



Scott Smith, Director of Program Accounting
Step Up For Students

Enclosure (1)

