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The Agreed Upon Procedures for School Year 2021-2022

SCHOOL FINANCIAL REPORT REQUIREMENT Florida School Choice Programs  
March 15, 2022  
Fiscal Accountability for Participating Schools  
Guidelines and Procedural Requirements   
  
**Overview**

Florida Statute 1002.421(1)(q) requires schools participating in educational scholarship programs established pursuant to Chapter 1002, specifically, the Florida Tax Credit Scholarship, Family Empowerment, Family Empowerment-Unique Abilities (formally Gardiner), the John M. McKay Scholarships for Students with Disabilities, and the Hope Scholarship programs (the “Scholarships”), and receiving more than $250,000 in funds from the Scholarships awarded during the fiscal year from July 1 of a calendar year to June 30 of the next calendar year (a “Fiscal Year”) to file a fiscal accountability report. This accountability report focuses on the use of the Scholarship funds and the financial procedures and controls in place at the schools. The report, in the form of Agreed-Upon Procedures (the “AUPs”), is to be completed by an independent, currently active Florida Certified Public Accountant (the “CPA”). The CPA must ensure that staff visiting the school comply with the school’s policy for screening and managing visitors.   
  
The AUPs are developed jointly by all state-approved nonprofit Scholarship Funding Organizations (SFO). A biennial review includes an SFO whose organization provided more than $250,000 in scholarship funds to an eligible private school during the state fiscal year preceding the biennial review, along with input from the Florida Association of Academic Nonpublic Schools (FAANS) and the Florida Department of Education (the Department). The revised AUPs 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-C Sections 105 and 215).   
  
Each school receiving more than $250,000 in Scholarships in a Fiscal Year is required to submit an original copy of the Independent Accountant’s Report on Applying AUPs (the “Report”) to the Scholarship Funding Organization (the “SFO”) that provided the school the majority of the scholarship funds awarded during that Fiscal Year, by September 15 following the end of that Fiscal Year. However, a school receiving more than $250,000 in Scholarship funds only through the John M. McKay Scholarships for Students with Disabilities must submit an original copy of the Report to the Department. Faxed copies will not be accepted and will be discarded upon receipt. In return, the SFO or Department must report to the Commissioner of Education by October 30 of that year: 1) A school’s failure to file the Report; and 2) Any Material Exceptions set forth in the Report. Reportable Exceptions set forth in the Report will be reviewed by the SFO or Department, which may provide a recommendation for corrective action to the school. If the same or substantially the same Reportable Exception is reported in three consecutive years, that same or substantially same exception should be reported as a Material Exception by the CPA in the third year and each year thereafter that it remains uncorrected.

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Reporting Exceptions

Specific Guidelines Governing the Reportable of Exceptions  
  
Exceptions found while performing the AUPs fall into one of two categories depending on the significance of the attributes being tested to the integrity of the program: Material Exceptions or Reportable Exceptions. The guidelines for each procedure indicate whether exceptions found during the performance of the procedure are Material Exceptions or Reportable Exceptions. All Material Exceptions will be reported to the Commissioner of Education by the SFO or Department and will require preparation and submission of a Corrective Action Plan by the school to the SFO outlining the steps the school plans to take to correct the Material Exception.   
  
Reportable Exceptions should be reported to the SFO or Department, which may provide a recommendation for corrective action to the school. If the same or substantially the same Reportable Exception is reported in three consecutive years, that same or substantially same exception should be reported as a Material Exception in the Report for the third year in which that exception is reported and for each year thereafter that it remains uncorrected.  
  
All Material Exceptions will require a Corrective Action Plan (CAP) prepared and submitted by the school.

**Independent Accountant's Report**

**on Applying Agreed-Upon Procedures**

**for 2021-2022 School Year**

To Step Up For Students Scholarship Funding Organization:

We have performed the procedures enumerated below, which were agreed to by Step Up For Students Scholarship Funding Organization, solely to assist the specified parties in evaluating (*Name of School’s*) (“the School”) compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended June 30, 2022. The School’s management is responsible for compliance with those requirements.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of, solely assisting the specific parties in evaluating the School’s compliance with the requirements of Florida Statue 1002.421(1)(q) during the school year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the school to perform this agreed-upon procedures engagement and conduct our engagement 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 or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended June 30,2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed upon procedures engagement.

This report is intended solely for the information and use of the Step Up for Students, Florida Department of Education and the School’s management, is not intended to be, and should not be used by anyone other than these specific parties.

CPA's Name:

CPA Firm Name:

CPA Firm License #: AD

*Enter the firm's AD License number.*

CPA's Email Address:

CPA's phone number:

**School Name:**

**DOE Number:**

*Enter the 4-digit DOE number assigned to the school.*

**SECTION I: DOE Compliance Verification**

**School Eligibility**  
 Obtain the compliance letter or other proof of eligibility from the Florida Department of Education and determine whether the proof of eligibility covers Fiscal Year 2021-2022 to which the AUPs are being performed*.  (FYI: The school can sign in and print this information from the DOE website located at* [*http://www.fldoe.org/schools/school-choice/*](http://www.fldoe.org/schools/school-choice/).) Did the school provide a copy of the DOE Compliance letter for the correct school year? If not ,this is a Material Exception.

Attach a copy of Compliance Letter to the report.

*Response:*

**SECTION II:**

1. **Software Name**

Identify and provide the name of the accounting software or systems used to maintain the school’s financial records.

*Response:*

1. **Adequate System**

Does the accounting software or systems used allow the school to record financial transactions conducted by the school including deposits and disbursements in a complete and self-balancing accounting system and is it capable of generating a trial balance, financial statements, and other sub-ledger reports? If not, this is a Material Exception.

*Response:*

1. **Student Accounts**

Are student accounts maintained and regularly reconciled to the general ledger? If not, this is a Material Exception.

*Response:*

**SECTION III: Adequate System of Financial Controls**

**A.1. Cash Balances**

Are the Scholarship Funds held at a bank or credit union that is insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA)? If not, this is a Reportable Exception

*Response:*

**A.2. Bank Balances**

Examine three months’ statements (including the Fiscal year-end statement, June 2022) for all bank and investment accounts holding Scholarship Funds. List the month’s examined.

*Response:*

Determine whether the **average** daily account balance exceeded the FDIC limit of $250,000 during the month. If the FDIC limit is exceeded, inspect the documentation indicating that the school annually reviews the bank’s rating by a reputable ratings provider, which may include, but is not limited to Bauer Financial, Fitch, Moody’s, Standard and Poor’s;  
  
 a. If the rating is lower than the top two ratings on the scale, report as a Reportable Exception.  
 b. If the school took no such action to protect the Scholarship Funds, report as a Reportable Exception

*Response:*

**B.1. Non-School Expenses**

Scan the school’s general ledger and inquire if another organization’s (i.e., affiliated church or other school) expenses are disbursed from the school’s bank account.

*Response:*

**B.2. Non-Education Sample**

Select a sample of 5 non-education related expenses to review.  Are they identified and reported separately from education-related expenses? If not, this is a Material Exception.

*Response:*

**C.1. Internal Controls**

Does the school have written policies and procedures to establish proper financial controls including segregation of duties and are the policies consistently followed for:  
 i. Cash Receipts;  
 ii. Capital Expenditures;  
 iii. Payroll –including time and attendance, calculations, pay rate and deduction changes; and  
 iv. Operating Expenditures

v. Shared Expenses

*Response:*

**C.2. Standard Practices**

In the absence of written policies and procedures, briefly describe the standard practices used to establish proper financial controls over the transactions listed in C.1. If none, this is a Material Exception.

*Response:*

**D.1. Bank Reconciliations**

Using the bank statements previously inspected, are reconciliations of all bank accounts holding scholarship funds completed within 60 days of each month end? If not, this is a Material Exception.

*Response:*

**D.2. Reconciliation Review**

Are the bank statements independently reviewed by the school’s management and are reconciling items resolved prior to the bank’s deadline for reporting errors? If not, this is a Material Exception.

*Response:*

**E.1. Budget**

Was the annual budget prepared and approved by the school’s governing body before the start of the fiscal year beginning July 1st? If not, this is a Reportable Exception.

*Response:*

**E.2. Budget Review**

Were actual results periodically reviewed in comparison to budgeted amounts and reported to the school’s governing body at least twice annually? If not, this is a Reportable Exception.

*Response:*

**E.3. Budget Verification**

Can adherence to budget approval and review of actual results be verified by inspection of the financial sections of minutes of the meetings of the school’s governing body or other documentation that occurred during the current school year, and those immediately preceding it? If not, this is a Reportable Exception.

*Response:*

**SECTION IV: Adequate Process for Deposit & Classification of Scholarship Funds**

1. **Scholarship Funds**

Does the school receive Scholarship funds as checks? Obtain the SFO’s or the Department’s Check Cashing Policies (the “Check Cashing Policies”) and inquire if the school is following the Check Cashing Policies and complying with section 1002.395(11)(b) F.S. If not following policies, this is a Material Exception.

**A.1. Check Sample**

From the scholarship payments received as checks, select a sample of 10 Scholarship students or 5% *(whichever is greater*).  The sample should include at least 2 students from each Scholarship program receiving checks *(or one if only one student participates in a program)*.

|  |  |
| --- | --- |
| ***Program*** | ***Sample Size*** |
| FTC-AAA |  |
| FES-EO-AAA |  |
| MCKAY |  |
| ***Total*** |  |

*Response:*

**A.2. Check Endorsements**

Determine whether the parent or guardian’s endorsement is reasonably similar to the signature in the student’s school file of the named payee or of their power of attorney (granted to a person that is not related to the school). If not, this is a Material Exception.

*Response:*

**A.3. Checks Properly Posted**

Are the sampled scholarship funds classified in the general ledger as tuition, books and fees payments and recorded to the corresponding general ledger bank account? If not, this is a Material Exception.

*Response:*

Were the funds posted to each student’s tuition account/statement? If not, this is a Material Exception.

*Response:*

Were the checks deposited into the school's bank account? If not, this is a Material Exception.

*Response:*

1. **ACH/ Electronic Funds**

Did the school receive scholarship payments electronically? Document the total number of scholarships received from ACH/ Electronic funds

|  |  |
| --- | --- |
| ***Program*** | ***# of Scholarships*** |
| FTC |  |
| FES-EO |  |
| FES-UA |  |
| HOPE |  |
| ***Total*** |  |

*Response:*

**B.1. ACH/Electronic Funds Sample**

From the scholarships received electronically, select a sample of 10 Scholarship students or 5% (*whichever is greater*). The sample should include at least 2 students from each scholarship program receiving electronic funds *(or one if only one student participates in a program).*

|  |  |
| --- | --- |
| ***Program*** | ***Sample Size*** |
| FTC |  |
| FES-EO |  |
| FES-UA |  |
| HOPE |  |
| ***Total*** |  |

*Response:*

**B.2. ACH/Electronic Funds Posting**

Were the sampled students' scholarship payments recorded and classified in the general ledger as tuition, books and fees payments and the corresponding general ledger bank account? If not, this is a Material Exception.

*Response:*

**B.3. Student Account Posting**

Were the electronic funds posted to each student’s tuition account/statement? If not, this is a Material Exception.

*Response:*

**B.4. AAA Payment Received Form**

For electronic funds received from AAA, determine whether the parent or guardian endorsement on the payment Received Form is reasonably similar to the signature on the named payee on the file with the school. If not, this is a Material Exception.

*Response:*

**Total Scholarship Funds Received**

Obtain and document the total of all scholarship funds received for students attending the School.

|  |  |
| --- | --- |
| ***Program*** | ***Total Dollars by Program*** |
| FTC |  |
| FES-EO |  |
| FES-UA |  |
| HOPE |  |
| McKay |  |
| ***Total*** |  |

*Response:*

**SECTION V: Education-Related Expenses**

1. **Total Education- Related Expenses**

By scanning the general ledger, identify and prepare a list of the **total** Education-Related Expenses by category for theFiscal Year (*July 1 to June 30*).  ***See Appendix 1***.  Enter or attach a summarized list.  Education -Related Expenses paid with previously “carried forward” funds may not be counted as Education-Related Expenses for the current Fiscal Year. If not available, this is a Material Exception.

*Education-Related Expense categories include but are not limited to school-related personnel expenses, curriculum, classroom technology, building expenses (rent, mortgage interest, property taxes, insurance and maintenance costs associated with the school facilities), administration expenses and classroom instructional resources.  Do not include extracurricular activity expenses, such as after-school athletics programs, events, or transportation to and from those events.*

*Response:*

**B. Funds vs Expenses**

Are the school's total education-related expenses greater than the total scholarship funds received? If not, this is a Material Exception.

If funds received exceed the total education-related expenses and are not returned, the school will need to prepare a detailed list of education-related expenses that are (or will be) funded in the subsequent year with the expected date of use.  The school should include this info in a Corrective Action Plan. Previously "carried forward" funds may not be counted in any education-related expenditures in the current year.

*Response:*

1. **Expense Sample**

Using the list developed in V.A. select a sample of Education-Related Expenditures incurred during the Fiscal Year using the table below to determine sample size.  
  
 Value of Total Education-Related Expenditures  
 From                      To          Sample Size  
 $ 250,000          $ 500,000        30  
 $ 500,001          $ 750,000        45  
 $ 750,001          $ 750,001+      60  
  
 The sample should include capital expenditures, operating expenditures and payroll by at least 10% of the number of items selected.

Combined Expenses: When multiple schools are managed by a single system and cannot be identified separately in the general ledger, a separate sample for each school should be taken based on the school’s total education-related expenses.  
  
*Enter the sample size:*

**C.1. Expense Samples**

For each item sampled, scan supporting documentation.  Was each expenditure:

* + - education related
    - properly authorized in accordance with the policies identified
    - properly classified in the general ledger; and
    - paid timely and accurately from the school’s bank account(s)?

*- For this purpose, paid timely means no more than 10% of the sample size was paid greater than 30 days after the due date.*  
*- For payroll expenditures sampled, re-calculate pay based on corresponding time and attendance, pay rate and deductions records properly authorized in accordance with the policies identified.* If not, this is a Material Exception.

*Response:*

**SECTION VI: Other Procedures**

**A. Tuition & Fees**

Obtain a copy of the tuition & fees schedule for the school year being tested. Select a sample of 10 students or 5% (whichever is greater) of the total number of scholarships.  
  
 Are the tuition and fees charged consistent with the tuition and fees for non-scholarship students? If not, this is a Reportable Exception.

*Response:*

**B. Operating Term**

V.C - Obtain the school’s calendar. Is the school’s operating term (school year) consistent with State Board of Education Rule 6A-1.09512 of at least 170 actual school days and 540 net instructional hours for students in kindergarten, 720 net instructional hours for students in grades 1-3, and 900 net instructional hours for students in grades 4-12? If not, this is a Material Exception.

*Response:*

**C. Attendance Policy**

Does the school have an attendance policy and is the school maintaining attendance records? If not, this is a Material Exception.

*Response:*

**D. Attendance Records Verification**

Using the sample selected above, observe the attendance records for each selected student.  Do the attendance records meet the school's attendance policy? If not, this is a Material Exception.

*Response:*

**E.1. Physical Verification**

Without advance notice to the school of the sample of students, select 10 students from the Scholarship payment history and observe the students' presence in school that day. The sample should include at least 2 students *(or one if only one student participating in a given program attends the school)* from each Scholarship program in which the school participates.  
  
 If the student is not present, was the student listed as absent on the school’s attendance record.  
 This must be done before the end of the fiscal year under review. If not, this is a Material Exception.

*Response:*

**E.2. Remote Attendance Procedures**

For schools operating remotely or hybrid, document the school's method for recording attendance.

*Response:*

**E.3. Remote Samples**

For schools operating remotely or hybrid, was attendance accurately recorded for the sample of students tested using the process the school is using? If not, this is a Material Exception.

*Response:*

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