

Step Up For Students

Agreed Upon Procedures Guidelines

Frequently Asked Questions

Section II Adequate Accounting System

- Q. Section II.A – The method of identification is not stated. Is this identification by observation or Inquiry?
- A. The method of identification is by observation of the accounting system used by the school.
- Q. Section II.B - please define “other subledger reports” and “regularly reconciled.”
- A. “Other Subledger Reports” include Accounts Receivable, Accounts Payable, Student Accounts or Fixed Assets ledgers, among others. “Regularly reconciled” means at least monthly.

Section III.A Cash Balances

- Q. The verbiage in Part III(A)(2) states: "Review three months bank statements (including the **state** fiscal year-end bank statement)... " What exactly are you referring to in the word "state"? If we must test the fiscal year-end statements and they are allowed to reconcile within sixty days, that gives the CPA very little time to test before the September 15th deadline of the SUFS report.
- A. The word “state” refers to the State of Florida fiscal year-end, which is June 30, 2017. If for some reason your client has not yet reconciled the June 30, 2017 at the time of your field work as it is within the 60 day period, please choose the immediately preceding bank statement as a replacement.
- Q. Please define the procedure for determining “daily account balance.”
- A. Most bank statements have a daily balance section depicting the closing balance for each day. Scan that section of the bank statements selected and note if any day’s closing balance exceeds \$250,000.

Section III.B Non-school Expenses:

- Q. Please define or provide examples of “non-school expenses.” Would you consider “PTO” expenditures as non-school related? Perhaps Boy Scouts, Girls Scouts that are affiliated/meet at the school?
- A. PTO for school employees would be considered school or education-related expense. However, expenses for extracurricular activities like Boy Scouts, Girl Scouts, sporting activities would be non-school expenses.

Section IV Adequate Process for Deposit and Classification of Scholarship Funds

Q. Section B – Please clarify “the deposit process” to be observed. As I understand it, the checks are received, the parents are called in to endorse, the accounting system is updated, the deposit slip is created and then the actual deposit is taken to the bank. I may have left out a few steps but my point is that this process could span more than one day.

A. The CPA is not required to observe a parent endorsing the check nor is the CPA required to observe the bank deposit. The CPA just needs to review the check before it is deposited to ensure that the proper endorsement occurred. The CPA can trace the deposit to a bank statement during fieldwork. Of course, if a parent happens to be there to endorse the check at the time the CPA is in attendance, we encourage the CPA to take that opportunity to observe the endorsement.

Q. Section B - Are we to examine each student’s file and match the name of the parent or guardian for every check received or just the checks that make up the deposit we observe?

A. Only examine the student’s file and match the name of the parent or guardian for the checks that make up the deposit you observe. If the deposit is made up of multiple checks, observe up to 5 checks.

Q. Section B - Is it possible to stream the observation of the parent endorsement on the checks.

A. As stated above, the CPA does not have to observe the parent endorsing the check. However, if the CPA has the opportunity to observe that process in person or by video stream such as Skype or similar means, we recommend that the CPA take advantage of that opportunity.

The CPA is only required by the Guidelines to observe the endorsed check prior to deposit and verifying that endorsement with the information in the student’s file. If a site visit cannot be arranged on a day that a deposit will occur, the CPA can coordinate with the school to make copies of the front and back of the selected deposits and then perform the procedures when the CPA is on site.

Q. Section C – For the 10 students (or 5%), are we to test all 4 checks received during the year?

A. Test all checks received for that student during the 2016-17 school year.

Section V Properly Expended Scholarship Funds for Education-related Expenses

Q. Section A – Are we only selecting education related expenses that exceed the amount received from the Florida Tax Credit Scholarship.

A. In this section, a list of all education-related expenses should be prepared and the CPA should determine that the total of those expenses should equal or exceed dollar value of the scholarship funds received.

Q. Section B - Are we to use the amount in V.A or recompute to include all education-related expenditures?

A. The list in Section V.A should include all education-related expenditures and that list should be used to select the sample in Section B.

Q. Section B - Please define "paid timely" from the school's bank account.

A. "Paid timely" would be reasonably with-in terms of the invoice or contract; or the within the time required by law if payroll taxes, 401K payments, etc.

Q. Section B - For payroll expenditures selected, are we to obtain, time, attendance, pay rate and deductions via inquiry or otherwise?

A. The CPA should inquire of the school to provide the documents for the selected expenditures, scan the documents, and verify that the information used in the payroll calculation is accurate.

Q. Section B - Could an example of the type of recomputation you would like to see be provided?

A. [Add in an example calculation]

Section VI Other Procedures

Q. Section B – How are we to determine if the policy for Florida Tax Credit Scholarship Students is consistent with the policy for all students? We have not been asked to look at students other than STEP UP.

A. The CPA should review the school's overall policy and will determine that each of the selected FTC/Gardiner students' attendance records were consistent with that policy. The CPA does not need to test the attendance records of non-FTC/Gardiner students.