

# FAQ's 2018-2019

Sections in the AUP report

- 1) Cover Page – Please ensure the correct Florida statute is stated
- 2) Cover Page – Please ensure the correct school year is indicated.

## Independent Accountant's Report on Applying Agreed-Upon Procedures

To (name of Scholarship Funding Organization or Florida Department of Education, whichever is applicable):

We have performed the procedures enumerated below, which were agreed to by (name of Scholarship Funding Organization or Florida Department of Education, whichever is applicable), solely to assist the specified parties in evaluating (name of school)'s compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended (Date). (Name of school)'s management are responsible for compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

(List procedures and findings).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institution 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 (Date). 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.

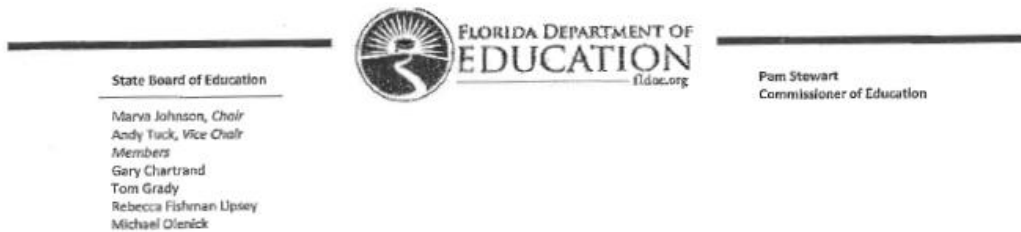
This report is intended solely for the information and use of (name of Scholarship Funding Organization, if applicable), Florida Department of Education and (Name of School)'s management and is not intended to be and should not be used by anyone other than these specified parties.

[Signature]

[City, State]

[Date]

- 3) Section I – Be sure to attach the compliance letter or other proof of eligibility from the DOE confirming the current school year is verified. This must be for the School Year being tested. Information can also be obtained online through the DOE website at <http://www.fl DOE.org/schools/school-choice>



February 20, 2017



RE: [Redacted]

Dear Private School Administrator:

The Office of Independent Education and Parental Choice has received your compliance paperwork for the 2018-2019 school year.

The documentation has been reviewed, and the paperwork attests to the fact that you are maintaining compliance with the requirements governing the state scholarship programs (McKay, Florida Tax Credit, and/or Personal Learning Scholarships Accounts) and s. 1002.42, Florida Statutes, related to private schools.

Your cooperation is greatly appreciated, and we look forward to working with you as we strive to increase the quantity and improve the quality of educational options for Florida's students.

Sincerely,

Scholarship Director  
Office of Independent Education and Parental Choice

- 4) Section II.A – Please note the name of the accounting software (see example below)
- 5) Section II.B – Please answer the question in its entirety (see example below)

## **II. Adequate Accounting System:**

- A. Identify and document the accounting software or systems used to maintain the school's financial records;
- B. Determine if the accounting software or systems being used allows the school to record financial transactions conducted by the school including deposits and disbursements in a complete and self-balancing accounting system and it is capable of generating a trial balance, financial statements and student account statements and other subledger reports. If a separate non-self-balancing system for student account statements is used, determine whether it is regularly reconciled to the general ledger. Report any exceptions found as Material Exceptions.

*Example:*

## **II. Adequate Accounting System:**

- A. Identify and document the accounting software or system used to maintain the school's financial records.

*The accounting software used is Intuit QuickBooks Premier.*

- B. Determine if the accounting software or systems being used allows the school to record financial transactions conducted by the school including deposits and disbursements in a complete and self-balancing accounting system and it is capable of generating a trial balance, financial statements and student account statements and other subledger reports. If a separate non-self-balancing system for student account statements is used, note whether it is regularly reconciled to the general ledger. Report any exceptions found as Material Exceptions.

*The accounting software does allow the school to record financial transactions conducted by the school including deposits and disbursements in a complete and self-balancing accounting system and it is also capable of generating a trial balance, financial statements and student account statements and other subledger reports. There were no material exceptions.*

6) Section III.A.1 – Please notate if bank is FDIC / NCUA Insured (see example below)

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

A. Cash Balances:

1. By inquiry, determine whether the school's scholarship funds are held at a federally insured depository institution.

**Results:** By inquiry, it was determined ASA funds are held at Regions Bank which are insured by the FDIC.

7) Section III.A.2.1 – If the FDIC limit is exceeded or funds are not held in a FDIC bank, inspect the documentation indicating that the school annually reviews the bank's ratings by a reputable ratings provider. Confirm the rating is in the top two ratings. Include that in your report.

*Example:*

BAUER FINANCIAL		RATINGS	CD RATES	PRODUCTS	NEWS	ABOUT	ACCOUNT
5 STARS	Superior	(These institutions are recommended by Bauer.)					
4 STARS	Excellent	(These institutions are recommended by Bauer.)					
3 1/2 STARS	Good						
3 STARS	Adequate						
2 STARS	Problematic						
1 STAR	Troubled						
ZERO STARS	Our lowest rating						
S.U. START UP	Start-up. Institutions that are too new to rate. (Obsolete beginning with June 30, 2018 financial data.)						
N.R. NOT RATED	Credit Unions that either: have less than \$1.5 million in assets, are not NCUA insured or are too new to rate.						
FDIC/ RSLVD	Institution has failed or is operating under regulatory conservatorship.						

8) Section III.C.1 – Please remember to include shared costs (*Indicate if no shared costs*)

C. Internal Controls:

1. Inquire if the school has written policies or standard practices to establish proper financial controls including segregation of duties and the policies or practices are being consistently followed for:
  - i. Cash Receipts
  - ii. Capital Expenditures;
  - iii. Payroll –including time and attendance, calculations and pay rate and deduction changes;
  - iv. Operating Expenditures; and
  - v. **Shared costs** - Costs shared by the school with another organization (administrative salaries, facilities, etc.) should be allocated between the organizations in a systematic and rational approach.

**Example:**

- i. **Cash Receipts:** The Administrative Assistant is responsible for cash receipts; immediately a pre-numbered receipt is given for stating who the money is from and how it should be applied. In the interim, prior to be deposited to the bank, the cash is stored in a locked safe. Every day cash transactions are posted to QuickBooks. A non-administrative staff member prepares the bank deposit and takes it to the bank for deposit.
- ii. **Capital Expenditures:** Each year, the school department leaders compile a list of major expenditures needed for the upcoming year (including capital expenditures). The list is reviewed and approved by the Director of the school, and the School Board. Once approved, the expenditures are included in the annual budget and purchased when needed.
- iii. **Payroll – including time and attendance, calculations and pay rate and deduction changes:** Most personnel are salaried, however, there are hourly workers as well. The pay rate of wages paid to all personnel has been reviewed and approved by the Board of Directors. The Business Manager who is responsible for calculating and processing payroll utilizes ACS Payroll. Hourly employees must submit time sheets. The Business Manager calculates the total hours from the time sheets submitted.
- iv. **Operating Expenditures:** The Business Manager is responsible for paying the day-to-day operating expenses of the school. A purchase order system is utilized. Invoice and packing slips are reviewed and verified as correct prior to payment. Check payments require two signatures.
- v. **Shared costs** – Costs shared by the school with another organization (administrative salaries, facilities, etc.) should be allocated between the organizations in a systematic and rational approach: There are no shared costs.

9) Section III.E – Please answer the question in its entirety

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

E. Budgets and Financial Statements:

1. Inquire if an annual budget is prepared and approved by the school's governing body before the start of each fiscal year, and any budget amendments thereafter, and actual results are periodically reviewed in comparison to budget and reported to the school's governing body at least twice annually;

**Example:**

**Procedures Performed**

E. Budgets and Financial Statements:

1. By inquiry, determine whether an annual budget is prepared and approved by the school's governing body before the start of each fiscal year, and any budget amendments thereafter, and actual results are periodically reviewed in comparison to budget and reported to the school's governing body at least twice annually.
  - We noted that the organization prepared a budget that was approved by the school's governing body before the start of the school year. We also noted that there were no amendments made during the school year. In addition, the school did not periodically review comparison to budget and reported to the school's governing body at least twice annually.
2. Review all minutes of the meetings of the school 's governing body that occurred during the current school year, and those immediately preceding it, and determine adherence with step III.E.1.
  - We reviewed the minutes of the meetings of the school's governing body. We noted that the school adhered to the guidelines outlined in step III.E.1.

**Reportable Exception**

- None Noted.

10) Section IV.A.2. & IV.B.1. - Sample must include students from each scholarship program. Please notate breakdown of sample selections indicating scholarship program. (See example)

**IV. Adequate Process for Deposit and Classification of Scholarship Funds:**

A. For Scholarship payments received as checks:

2. Select a sample of the greater of 10 Scholarship students or 5% of the Scholarship student population. 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 that distributes funds by check. Determine whether the Check Cashing Policies and statute referenced in step IV(A)(1) were followed. 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).

B. For Scholarship payments received as electronic funds:

1. Select a sample of the greater of 10 Scholarship students or 5% of the Scholarship student population. 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 that distributes funds by electronic funds.

**Example:**

Scholarship Sampling Breakout	
Program	# of Students Sampled
FTC	4
Gardiner	3
Hope	1
John McKay	3
Total Students Scholarships	11



**V. Properly Expended Scholarship Funds for Education-Related Expenses:**

11) Section V.A – Please notate the breakdown of total scholarship dollar amounts received in the body of the report.

**Example:**

- The scholarship distribution reports provided by the school indicate that the Scholarship funds awarded to students was **\$1,004,032**.

<b>Scholarship Breakdown</b>		
Program	# of Scholarships	Dollar Amount Received
FTC	40	401,612.80
Gardiner	30	301,209.60
Hope	5	50,201.60
John McKay	25	251,008.00
<b>Total Students Scholarships</b>	<b>100</b>	<b>1,004,032.00</b>

12) Section V.B – Please attach a list of the total Education-Related Expenses broken out by categories.

**Example:**

- We examined the school’s general ledger and identified the following education-related expenses:

<b>Education Related Expenses</b>	<b>Total Expenses</b>
Salaries & Wages	660,783.00
Rent	195,270.00
Food Program	33,978.00
School Supplies	24,885.00
Insurance	24,073.00
Uniforms	16,922.00
Repair & Maintenance	15,134.00
Books, Materials & Testing	14,172.00
Computer/Internet Charges	12,213.00
Utilities	11,803.00
<b>Totals</b>	<b>1,009,233.00</b>

See below for an example of non-education related expenses.

Athletic (team/afterschool) equipment, field trips, construction and or renovations, cleaning supplies, gift certificates, awards, alcoholic beverages, promotional materials, lobbying, personal expenses, etc.



13) Section V.C – Please notate the sample size used in the body of the report (*sample size must be based off the total of the Educated-Related expenses*)

**Example:**

- We selected a sample of 60 education-related expenditures covering at least 10% of the number of items selected incurred during the school year. We scanned the supporting documentation and noted that the expenditures education-related, they were properly authorized, classified, and paid in a timely and accurate manner from the schools' bank account. Additionally, for sample of payroll expenditures we re-calculated pay based upon time and attendance. We noted that time, attendance, pay rate and deductions records were properly authorized in accordance with the school's policies.

Value of Total Education-Related Expenditures		Sample
From	To	Size
\$ 250,000	\$ 500,000	30
\$ 500,000	\$ 750,000	45
\$ 750,000	\$750,000+	60

## Corrective Action Plan (CAP)

FYI.....If your school receives a Material Exception(s) on the AUP report, please complete a Corrective Action Plan (CAP) on school letterhead for those Sections. And send the CAP via email to [AUP@stepupforstudents.org](mailto:AUP@stepupforstudents.org)



January 28, 2019

Step Up for Students  
Attn: SUFS AUP Team

Re: School Code [REDACTED]-Corrective Action Plan, AUP

Dear SUFS AUP Team

[REDACTED] has developed a correction action for the exceptions noted below:

III.D.2.3 Bank Reconciliations: Due dates for reconciliations will be implemented to ensure timely reconciliation of bank statements. They will be signed off by business manager and analyst.

V.B.C. Education-Related Expenses: To ensure timesheets are correctly recorded, employees will provide an electronic timesheet. If employee's hours are not reflected accordingly, an email will be sent to the employee informing them of the adjustment and they will be required to justify their hours and sign off on the changes and revised timesheet.

VI.B. Other: Ensure proper attendance records are maintained and communication is made with parent regarding students exceeding 10 absences. Registrar will implement school policy.

Sincerely,

A black rectangular redaction box covering the signature of the Business Manager.

Business Manager