



The Agreed Upon Procedures for School Year 2023-2024

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 Scholarship for Educational Options, Family Empowerment Scholarship for Students with Unique Abilities (formerly known as Gardiner and John M. McKay scholarships¹), and the Hope Scholarship (collectively, the “Scholarships”) and receiving more than \$250,000 in funds from the Scholarships awarded during the state fiscal year from July 1 of a calendar year to June 30 of the next calendar year (a “Fiscal Year”) to annually file a fiscal accountability report. The fiscal accountability report focuses on the use of the Scholarship funds and the financial procedures and controls in place at the schools.

The participating school must engage with an independent Certified Public Accountant (the “CPA”) firm currently licensed to perform attest engagements in Florida to: 1) perform an Agreed-Upon Procedures (“AUPs”) engagement in accordance with the standards established by the American Institute of Certified Public Accountants in Statements on Standards for Attestation Engagements (SSAE No. 18 AT-C Section 105 and SSAE No. 19 AT-C Section 215); and 2) prepare an Independent Accountant’s Report on Applying Agreed-Upon Procedures (the “AUP Report”). The CPA’s staff must comply with the school’s policy for screening and managing its visitors.

The school is required to submit an original copy of the AUP Report to the state-approved nonprofit Scholarship Funding Organization (“SFO”) that provided it the majority of the Scholarships awarded during that Fiscal Year. The AUP Report is due to the SFO by September 15 following the end of that Fiscal Year.

The SFO must annually report to the Commissioner of Education by October 30 of that year: 1) a school’s failure to file the AUP Report; and 2) any Material Exceptions set forth in the AUP Report. Reportable Exceptions set forth in the AUP Report will be reviewed by the SFO, 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.

The following revised AUPs were developed by eligible SFOs participating in a joint biennial review as required by Florida Statute 1002.395(6)(o)(1)(b) and include input from the accrediting associations that are members of the Florida Association of Academic Nonpublic Schools and the Florida Department of Education.

¹ In the 2021-22 school year, the Gardiner Scholarship Program became part of the Family Empowerment Scholarship Program and was renamed FES-UA. In the 2022-2023 school year all John M. McKay Scholarships for Students with Disabilities also became part of FES-UA and were administered by the SFOs.

Reporting Exceptions

Specific Guidelines Governing the Reportable of Exceptions

Exceptions found in 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 2023-2024 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, 2024. 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 assisting the specified parties in evaluating the School's compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended June 30, 2024. 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 conducted 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, 2024. 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 other 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 Scholarship Funding Organization, Florida Department of Education and the school's management and is not intended to be, and should not be, used by anyone other than these specified 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:

CPA's city and state:

Date:

School Name:

DOE Number:

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

<p>SECTION I: DOE Compliance Letter</p> <p>School Eligibility</p> <p>Obtain and include the compliance letter or other proof of eligibility from the Florida Department of Education and verify if the proof of eligibility covers Fiscal Year 2023-2024 for the AUP are being performed. If not available, this is a Material Exception.</p> <p>(FYI: The school can sign in and print this information from the DOE website located at http://www.fldoe.org/schools/school-choice/)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> Not provided- This is a Material Exception <div style="border: 1px solid black; height: 100px; width: 100%;"></div> <p style="color: red; text-align: center;">Attach a copy of The DOE Compliance Letter to the report.</p>
<p>SECTION II: Adequate Accounting System</p> <p>A. Software Name</p> <p>Inquire and document the name of the accounting software or systems used to maintain the school's financial records.</p>	<div style="border: 1px solid black; height: 100%; width: 100%;"></div>
<p>B. Adequate System</p> <p>Observe if the accounting software or systems used allows the school to record financial transactions conducted, including deposits and disbursements in a complete and self-balancing accounting system and is it capable of generating a trial balance, financial statements, student account statements and other sub-ledger reports?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No - This is a Material Exception <div style="border: 1px solid black; height: 100px; width: 100%;"></div>
<p>C. Student Accounts</p> <p>If a separate non-self-balancing system for student account statements is used, are student accounts maintained and regularly reconciled to the general ledger?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> N/A – Included in the Accounting Software <input type="checkbox"/> No - This is a Material Exception
<p>SECTION III: Adequate System of Financial Controls</p> <p>A.1 Cash Balances</p> <p>Verify if the scholarship funds are held at a bank or credit union that is insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA)?</p> <p>If not, this is a Reportable Exception</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No - This is a Reportable Exception <div style="border: 1px solid black; height: 100px; width: 100%;"></div>

<p>SECTION III: cont.</p> <p>A.2. Bank Balances</p> <p>Examine three months' statements (including the Fiscal year-end statement, June 2024) for all banks and investment accounts holding Scholarship Funds.</p>	<p>List Months Reviewed:</p>
<p>Calculate if the average daily account balance exceeded the FDIC / NCUA limit of \$250,000 during the 3 month's statements inspected.</p> <p>If the FDIC limit is exceeded, inspect, and attach 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 <u>Poor's</u>:</p> <p>a. If the rating is lower than the top two ratings on the scale, report as a Reportable Exception.</p> <p>b. If the school took no such action to protect the Scholarship Funds, report as a Reportable Exception.</p>	<p><input type="checkbox"/> No – FDIC limit was not <u>exceeded</u></p> <p><input type="checkbox"/> Yes - FDIC limit <u>exceeded</u></p> <p><input type="checkbox"/> Rating is in top two of the <u>scale</u></p> <p><input type="checkbox"/> Rating is lower than the top two or school took no action-This is a Reportable Exception</p> <p>* Attach Bank Rating to the report if used</p>
<p>B.1 Bank Reconciliations</p> <p>Using the bank statements previously inspected, are reconciliations of all bank accounts holding scholarship funds completed within 60 days of each month's end and are reconciling items resolved prior to the bank's deadline for reporting errors? If not, this is a Material Exception.</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No - This is a Material Exception</p>
<p>2. Bank Reconciliation Review</p> <p>Are the bank statements independently reviewed by the school's management? If not, this is a Material Exception.</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No - This is a Material Exception</p>
<p>C. Non-Education Expenses</p> <p>Observe the school's general ledger and identify if there are non-education related expenses. If there are, 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.</p>	<p><input type="checkbox"/> NA - There are no Non-Education Related Expenses</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No - They are not identified or reported separately. This is a Material Exception</p>
<p>D.1 Shared Expenses</p> <p>Inquire if the school shares expenses (i.e., administrative salaries, facilities costs) with another organization(s) (i.e., affiliated church, day care or other school).</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No – Proceed to E. Internal Controls</p>

SECTION III: cont.

D.2 Shared Expenses

If costs are shared, scan the general ledger to determine if they are properly allocated and tracked separately.

List the organization(s) and expense types shared.

Yes – Include list

No - This is a Material Exception

D.3 Methodology

Describe the methodology used to allocate shared expense.

E.1 Internal Controls

Does the school have written policies or standard practices to adequately 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;
- iv. Operating Expenditures
- v. Shared Expenses

In the absence of written policies, briefly describe the standard practices used to establish proper financial controls over the transactions listed above.

Yes

No - This is a Material Exception

F.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?

Yes

No - This is a Reportable Exception

F.2 Budget Review

Were any amendments approved by the school's governing body and actual results periodically reviewed in comparison to budgeted amounts and at least twice annually?

Yes

No - This is a Reportable Exception

F.3 Budget Verification

Inspect the financial sections of all minutes of the meetings of the school's governing body or other documentation that occurred during the current school year, and immediately preceding it to determine adherence III.F(1-2)

Yes

No - This is a Reportable Exception

SECTION IV Adequate Process for Deposit and Classification of Scholarship Funds:

A.1 Scholarship Funds

Document the total number of students participating in each of the Scholarship programs and the total amount of scholarship funds received from each of the Scholarship programs at the time of review.

Program	# of Students	Total Amounts
FTC (ACH)		
FES-EO (ACH)		
FES-UA (ACH) <i>(Includes Gardiner & McKay)</i>		
HOPE (ACH)		
Total		

2. ACH/Electronic Funds Sample

From the scholarship payments received as ACH, select a sample of 10 Scholarship students or 5% (*whichever is greater*). The sample should include at least 2 students from each scholarship program the school received ACH payments. Enter number sampled.

Program	# of Students
FTC	
FES-EO	
FES-UA	
HOPE	
Total	

3. GL Posting

Observe if the sampled ACH payments were recorded and classified in the general ledger as tuition, books, and fees payments in the corresponding general ledger bank account?

Yes

No - This is a Material Exception

4. Student Account Posting

Yes

Observe if the electronic funds were deposited into the school's bank account(s) and posted to each student's tuition account/statement?

No – This is a Material Exception

C. 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 total combined education-related

Sample Size Taken:

C.1-3 Expense Samples

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

1. Education related
2. properly authorized in accordance with the policies identified
3. 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.

Yes

No – This is a Material Exception

Yes

No – This is a Material Exception

Yes

No – This is a Material Exception

SECTION VI - Other Procedures

A. Total Student Count

Document the total number of scholarship and non-scholarship students attending the school at time of review.

<i>Student Type</i>	<i>Count</i>
Scholarship Students	
Non-Scholarship Students	
Total Students Attending	

B. 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?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No – This is a Reportable Exception

C. Operating Term

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?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No – This is a Material Exception

D. Attendance Policy

Does the school have an attendance policy and is the school maintaining attendance records?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No – This is a Material Exception

E. Attendance Records Verification

Using the sample selected in Section VI.B, observe the attendance records for each selected student. Do the attendance records meet the school's attendance policy?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No – This is a Material Exception

SECTION VI (cont.)

F. Physical Verification

Without advance notice to the school of the sample of student names, select 10 scholarship students 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.

Determine if the students' attendance was accurately recorded for the day. If the student is not present, was the student listed as absent on the school's attendance record?

** This procedure must be done before the end of the fiscal year under review.*

Yes

No – This is a Material Exception

We have performed the procedures enumerated, which were agreed to by the Scholarship Funding Organization and the Florida Department of Education solely to assist the specified parties in evaluating this school's compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended 2023. The school's management is 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 above either for the purpose for which this report has been requested or for any other purpose.

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 2023. 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 the Scholarship Funding Organization, Florida Department of Education and the school's management and is not intended to be and should not be used by anyone other than these specified parties. [CPA Name:](#)

Appendix 2

Examples of Education-Related Expenses

- **Payroll**
 - Salaries for teachers and substitutes
 - Salaries for administration and office staff
 - Salaries for food service personnel
 - Salaries for custodial and maintenance staff
 - Salaries for tutoring, therapy and counseling

- **Payroll benefits and taxes**
 - Payroll taxes
 - Unemployment taxes
 - Workers' compensation
 - Employee health insurance and other benefits

- **Instructional supplies and equipment**
 - Classroom materials and course supplies
 - Testing fees
 - Library books and supplies
 - Technology equipment and software licensing fees

- **Office & Administration**
 - Office supplies
 - Postage
 - Printing and copying
 - Bank fees
 - Licenses and fees
 - Credit card fees
 - Payroll processing fees
 - Background checks
 - Accreditation fees
 - Audit, legal and other professional services

- **Facilities expenses**
 - Rent or mortgage payments
 - Utilities
 - Property insurance
 - Repairs and maintenance
 - Custodial supplies
 - Security equipment and services
 - Capital improvements

- **Miscellaneous**
 - Graduation expenses
 - Education-related field trips
 - Parent/teacher meeting expenses
 - After school education
 - Standard transportation costs

Non-Education Related Expenses (including but not limited to)

- Fundraising expenses and events
- Athletic programs and sporting events
- Senior trip expenses
- Summer camps
- Non-education related school trips
- Transportation costs for extracurricular activities
- School store and logo merchandise
- School sponsor shows and events
- School clubs
- After school care program costs
- Gift cards and promotional material
- Conferences, training, and professional development for administrative personnel
- Advertising
- Bad debt expense
- Depreciation
- Amortization Expense