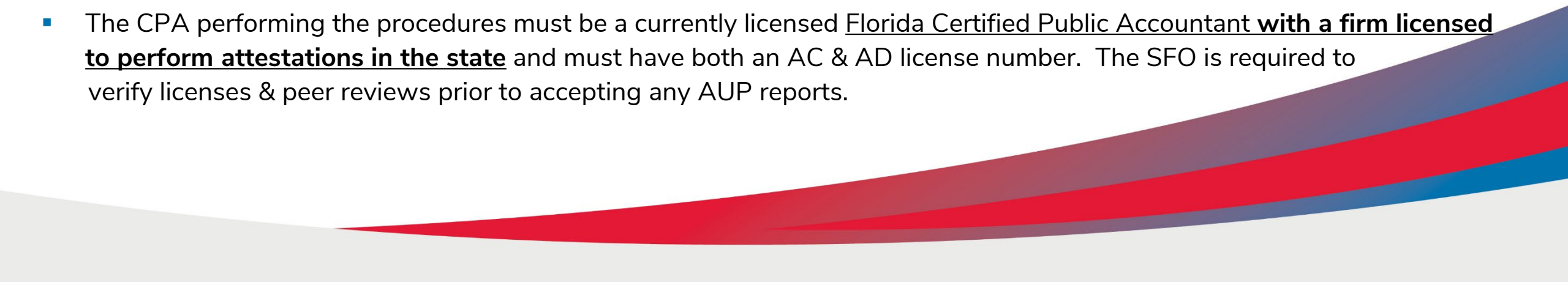





2023-2024 Agreed Upon Procedures



The Basics

- The Agreed Upon Procedures encompasses funds private schools received from the Florida Tax Credit (**FTC**), the Hope Scholarship, Family Empowerment - Education Opportunities (**FES-EO**), and Family Empowerment-Unique Abilities (**FES-UA**) (*formerly the Gardiner & John McKay Programs*). Last year the John McKay program became part of the FES-UA program and the funds are no longer distributed through the DOE. This means no reports will be required to be submitted directly to the DOE.
 - The AUP Program was created by the Scholarship Funding Organizations (**SFO**), Step Up For Students (**SUFS**) and AAA Scholarship Foundation (**AAA**), CPAs and input from schools to meet the requirement. The procedures are reviewed and approved by Florida Association of Academic Non-Public School member groups and the Department of Education (**DOE**). New guidelines are developed every two years.
 - The AUP is mandated by Florida Statute (1002.421(1)(q.) The procedures will guide the CPA as they complete the report on behalf of the private school.
 - The CPA performing the procedures must be a currently licensed Florida Certified Public Accountant **with a firm licensed to perform attestations in the state** and must have both an AC & AD license number. The SFO is required to verify licenses & peer reviews prior to accepting any AUP reports.
- 

- The purpose of these procedures is to ensure funds are managed appropriately and to provide proof that scholarship funds are safeguarded and spent on education-related expenditures.
 - Private schools receiving \$250,000 or more in **combined** funds distributed from the SFOs, Step Up For Students (SUFS) and AAA Scholarship Foundation (AAA), during 2023-2024 school year must submit a financial report through their contracted CPA by **September 15, 2024**.
 - The template to complete these procedures will be provided to all CPAs and will be available on our website at <https://www.stepupforstudents.org/for-schools-providers/agreed-upon-procedures>.
 - This year It is estimated there will be **2138** private schools receiving more than **\$1.5 billion** dollars in combined scholarship funds from the FTC, FES, FES-UA, and Hope scholarship programs for the 2023-24 school year. We estimate over 1,800 of these schools will be required to submit an AUP reports this year.
- 

Important Reminders

All Reports must be submitted by the CPA/Firm, not the school.

All reports to Step Up must be submitted by email. No hardcopies will be accepted.

The report should be a PDF file attached to your email. We cannot open files from a link or secured site.

Remember to put a read receipt on your email when submitting for confirmation.

All reports are due by September 15th 2024.

Remittance Reports and AUP



Step Up For Students will provide schools with documentation for Auditors addressing remittances for the 23-24 School Year. We will also provide this documentation to known CPAs on the school's behalf.

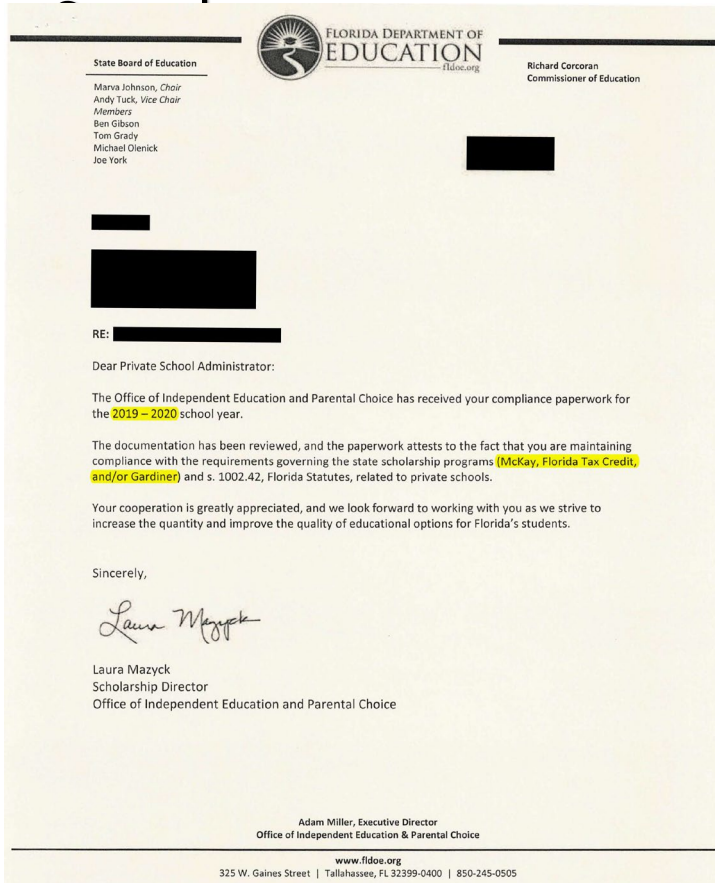
The Agreed-Upon Procedures is comprised of six sections:

- ✓ DOE Compliance (School Eligibility)
- ✓ Adequate Accounting System
- ✓ Adequate System of Financial Controls
- ✓ Adequate Process for Deposit and Classification of Scholarship Funds
- ✓ Properly Expended Scholarship Funds for Education-Related Expenses
- ✓ Tuition, Operating Term, Attendance Records & Physical Verification

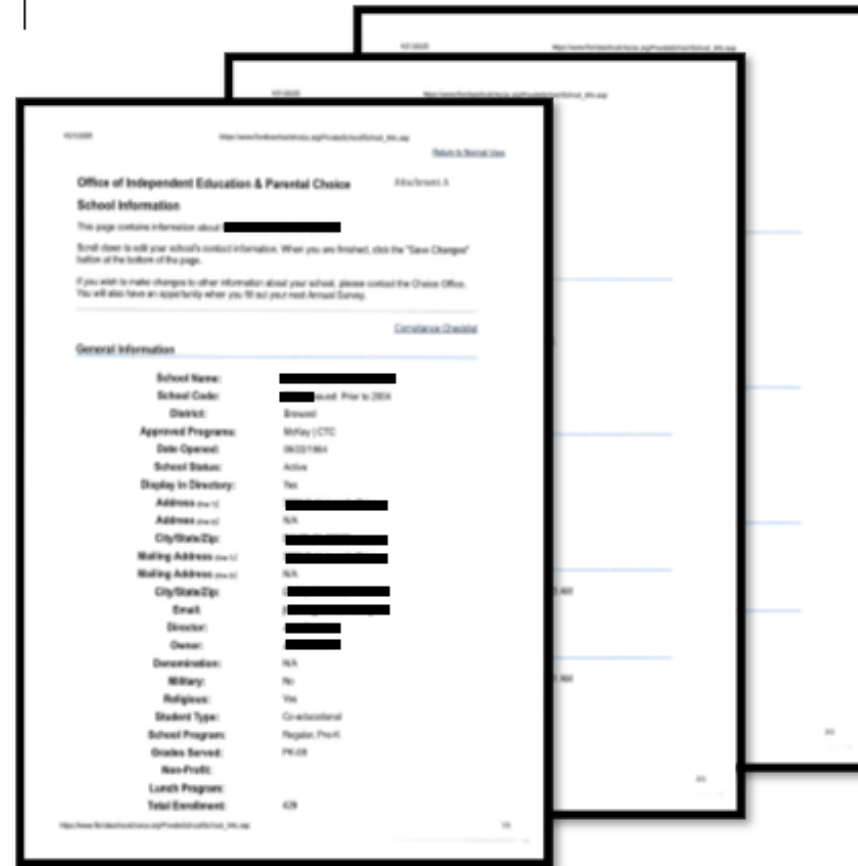
Section I - DOE Compliance

* Include either one and attached to the report

DOE Compliance Letter



DOE Compliance Sample from the DOE Site



Section II - Adequate Accounting System

<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>							
<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>	<table border="1"> <tr> <td data-bbox="789 542 917 614"><input type="checkbox"/></td> <td data-bbox="917 542 1503 614">Yes</td> </tr> <tr> <td data-bbox="789 614 917 685"><input type="checkbox"/></td> <td data-bbox="917 614 1503 685">No - This is a Material Exception</td> </tr> <tr> <td colspan="2" data-bbox="789 685 1503 913"></td> </tr> </table>	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No - This is a Material Exception		
<input type="checkbox"/>	Yes						
<input type="checkbox"/>	No - This is a Material Exception						
<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>	<table border="1"> <tr> <td data-bbox="789 935 917 1006"><input type="checkbox"/></td> <td data-bbox="917 935 1503 1006">Yes</td> </tr> <tr> <td data-bbox="789 1006 917 1078"><input type="checkbox"/></td> <td data-bbox="917 1006 1503 1078">N/A – Included in the Accounting Software</td> </tr> <tr> <td data-bbox="789 1078 917 1160"><input type="checkbox"/></td> <td data-bbox="917 1078 1503 1160">No - This is a Material Exception</td> </tr> </table>	<input type="checkbox"/>	Yes	<input type="checkbox"/>	N/A – Included in the Accounting Software	<input type="checkbox"/>	No - This is a Material Exception
<input type="checkbox"/>	Yes						
<input type="checkbox"/>	N/A – Included in the Accounting Software						
<input type="checkbox"/>	No - This is a Material Exception						

- A. Enter the name of the accounting systems used by the school.
- B. Enter Yes or No by checking the box. Enter any additional comments if needed in the box below.
- C. Enter NA if student accounts are maintained in accounting software. Enter Yes if reconciled regularly or No if student accounts are not reconciled regularly.

Section III – Adequate System of Financial Controls

<p>SECTION III: Adequate System of Financial Controls A.1 Cash Balances Determine 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
<p>SECTION III: cont. A.2. Bank Balances Examine three months' statements (including the Fiscal year-end statement, June 2023) for all bank and investment accounts holding Scholarship Funds.</p>	<p>List Months Reviewed:</p>
<p>Determine if the <u>average</u> daily account balance exceeded the FDIC / NCUA limit of \$250,000 during the month's statements being 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 Poor's;</p> <p>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.</p>	<input type="checkbox"/> No – FDIC limit was not exceeded <input type="checkbox"/> Yes - FDIC limit exceeded <input type="checkbox"/> Rating is in top two of the scale <input type="checkbox"/> Rating is lower than the top two or school took no action-This is a Reportable Exception <p>* Attach Bank Rating to the report if used</p>
<p>B.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 and are reconciling items resolved prior to the bank's deadline for reporting errors? If not, this is a Material Exception.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No - This is a Material Exception
<p>B.2 Bank Reconciliation Review Are the bank statements independently reviewed by the school's management? If not, this is a Material Exception.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No - This is a Material Exception

A.1 Verify all accounts holding scholarship funds.

A.2 List the 2 months plus June 2024 bank statements reviewed.

If FDIC limits were exceeded and bank ratings were used, they should be dated and initialed by management when printed. Attach / include the bank ratings with the report.

B.1 Bank statements should be reconciled within 60 days of the month's end.

B.2 A second review by management should be done and documented with a date and initials.

Section III – Adequate System of Financial Controls cont.

<p>C. Non-Education Related Expenses</p> <p>Scan the school's general ledger and identify if non-education related expenses are accounted for separately from the school's education-related expenses. 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> <div style="border: 1px solid black; height: 30px; width: 100%;"></div>
<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>
<p>SECTION III: cont.</p> <p>D.2 Shared Expenses</p> <p>If costs are shared, scan the general ledger to determine if they are properly allocated and tracked separately.</p> <p>List the organization(s) and expense types shared.</p>	<p><input type="checkbox"/> Yes – Include list</p> <p><input type="checkbox"/> No - This is a Material Exception</p> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>
<p>D.3 Methodology</p> <p>Describe the methodology used to allocate shared expense.</p>	<div style="border: 1px solid black; height: 100px; width: 100%;"></div>

C. Non-Education Related expenses. (See Appendix for examples)

D.1 If no shared expenses, disregard D.2 & D.3,

D.2 List the types of expenses and the organizations they are shared with.

D.3 Describe how the school determines allocations including sq. footage, usage, etc.



Section III – Adequate System of Financial Controls cont.

<p>E. 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:</p> <ul style="list-style-type: none"> i. Cash Receipts; ii. Capital Expenditures; iii. Payroll –including time and attendance, calculations, pay rate and deduction changes; iv. Operating Expenditures v. Shared Expenses <p>In the absence of written policies, briefly describe the standard practices used to establish proper financial controls over the transactions listed above.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No - This is a Material Exception <div style="border: 1px solid black; height: 150px; width: 100%;"></div>
<p>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?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No - This is a Reportable Exception <div style="border: 1px solid black; height: 40px; width: 100%;"></div>
<p>F.2 Budget Review Were any amendments approved by the school's governing body and actual results periodically reviewed in comparison to budgeted amounts at least twice annually?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No - This is a Reportable Exception <div style="border: 1px solid black; height: 40px; width: 100%;"></div>
<p>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)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No - This is a Reportable Exception <div style="border: 1px solid black; height: 40px; width: 100%;"></div>

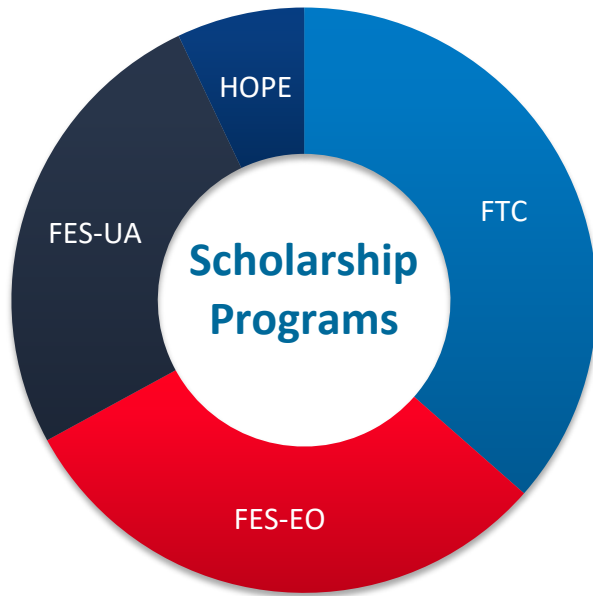
E. If the financial controls are not sufficient, describe the issue(s) in the box below.

F.1 The fiscal year begins on July 1st regardless of the school's declared fiscal year. All procedures should encompass the timeframe from July 1, 2023 through June 30, 2024.

F.2 The school should document any amendments and the approvals during the fiscal year.

F.3 There should be documentation of two budget reviews either in the meeting minutes or by management's dating and initialing the budget in cases where there are no board meetings or members.

Section IV - Funds Received



Scholarship funds are distributed in quarterly payments. Funds distributed by Step Up For Students are issued by ACH transfers.

AAA no longer distributes paper checks; This year all payments are ACH only.

Section IV – Deposit & Classification of Scholarship Funds

SECTION IV Adequate Process for Deposits and Classification of Scholarship Funds:	Program	# of Scholarships	Amount
A. Scholarship Funds	FTC		
	FES-EO		
	FES-UA <i>(Includes Gardiner & McKay)</i>		
	HOPE		
	Total		
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.			

Payment information and student counts can be obtained from the Remittance Advice/Transmittals each school receives with the payments.

All funds from AAA and SUFS should be combined in this section.

Keep in mind, the school may not be aware of all FES-UA students. HIPPA laws provides the option for self reimbursement if they choose. Only tuition and fees will be recorded by the DOE. Record only what the schools shows in their accounting system.

CHANGE

** AAA Scholarship Foundation has reported they will not be issuing any checks for 23-24. All payments the school receives should be by ACH for these four programs.

ACH/Electronic

For all ACH payments received:

2. Pull a sample of 10 or 5% (*whichever is greater*) including all programs in the sample.
3. Confirm the funds are classified in the GL and bank account as tuition & fees.
4. Confirm the funds were posted to the student's account.

New** AAA no longer has Payment Received Forms

<p>2. ACH/Electronic Funds Sample</p> <p>From the scholarship payments received as ACH, select a sample of 10 Scholarship students or 5% (<i>whichever is greater</i>). The sample should include at least 2 students from each scholarship program the school received ACH payments. Enter number sampled.</p>	<table border="1"><thead><tr><th>Program</th><th># of Students</th></tr></thead><tbody><tr><td>FTC</td><td></td></tr><tr><td>FES-EO</td><td></td></tr><tr><td>FES-UA</td><td></td></tr><tr><td>HOPE</td><td></td></tr><tr><td>Total</td><td></td></tr></tbody></table>	Program	# of Students	FTC		FES-EO		FES-UA		HOPE		Total	
Program	# of Students												
FTC													
FES-EO													
FES-UA													
HOPE													
Total													
<p>3. GL Posting</p> <p>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?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No - This is a Material Exception</p>												
<p>4. Student Account Posting</p> <p>Observe if the electronic funds were deposited into the school's bank account(s) and posted to each student's tuition account/statement?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No - This is a Material Exception</p>												

Section V – Expenses cont.

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 expenses.

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)?

Yes

No – This is a Material Exception

Yes

No – This is a Material Exception

Yes

No – This is a Material Exception

- 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.

Select the correct sample based on the total expenses reported for the school.

Multiple schools combined in one accounting system will require an equal number of additional samples to be taken for each school combined.

Verify samples were:

1. Education Related
2. Properly authorized
3. Properly classified in the GL, paid timely and accurately for the bank account.

Section VI –Other Procedures

- A. Total Student Count: Document the total number of students, both scholarship and non-scholarship, at the time of review.
- B. Using a sample, compare the tuition and fees charged between scholarship and non-scholarship students.
- C. Using the school’s calendar, determine if the operating term is sufficient to meet State Rule 6A.
- D. Confirm if the school has an attendance policy and is maintaining attendance records.

SECTION VI - Other Procedures									
<p>A. Total Student Count</p> <p>Document the total number of scholarship and non-scholarship students attending the school at time of review.</p>	<table border="1"> <thead> <tr> <th>Student Type</th> <th># of Students</th> </tr> </thead> <tbody> <tr> <td>Scholarship Students</td> <td></td> </tr> <tr> <td>Non-Scholarship Students</td> <td></td> </tr> <tr> <td>Total Students Attending</td> <td></td> </tr> </tbody> </table>	Student Type	# of Students	Scholarship Students		Non-Scholarship Students		Total Students Attending	
Student Type	# of Students								
Scholarship Students									
Non-Scholarship Students									
Total Students Attending									
<p>B. Tuition & Fees</p> <p>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.</p> <p>Are the tuition and fees charged consistent with the tuition and fees for non-scholarship students?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No – This is a Reportable Exception</p> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>								
<p>C. Operating Term</p> <p>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?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No – This is a Reportable Exception</p> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>								
<p>D. Attendance Policy</p> <p>Does the school have an attendance policy and is the school maintaining attendance records?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No – This is a Material Exception</p> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>								

Section VI –Other Procedures cont.

<p>E. Attendance Records Verification</p> <p>Using the sample selected from Section VI.A, observe the attendance records for each selected student. Do the attendance records meet the school's attendance policy and recordkeeping?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No – This is a Material Exception</p> <div style="border: 1px solid black; height: 60px; width: 100%;"></div>
<p>F. Physical Verification</p> <p>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.</p> <p>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.</p> <p>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?</p> <p><i>* This procedure must be done before the end of the fiscal year under review.</i></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No – This is a Material Exception</p> <div style="border: 1px solid black; height: 150px; width: 100%;"></div>

E. Review the attendance records of sampled students from Section VI. B to determine if they meet the school's Attendance Policy.

F. Select 10 students (from all programs combined) to verify their physical attendance and the attendance records are properly marked. Physical verification must be done prior to the end of the current school year. It must be done on site.

Please call or email if you have any questions.

The 2023-2024 AUP instructions, template, reference materials and samples can be found at our website located at:

<https://www.stepupforstudents.org/for-schools-providers/agreed-upon-procedures/> or by emailing us at aup@sufs.org.



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Thank you
for taking the
time to join us
for this
presentation.



Please send any questions to AUP@SUFS.ORG