

FLORIDA VIRTUAL SCHOOL

Florida Education Finance Program (FEFP) Full-Time Equivalent (FTE) Students

For the Fiscal Year Ended
June 30, 2010



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

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Julie E. Young, President and CEO

The examination team leader was Bernice Rivas and the examination was supervised by J. David Hughes, CPA. Please address inquiries regarding this report to Nancy M. Reeder, CPA, Audit Manager, via e-mail at nancyreeder@aud.state.fl.us or by telephone at (850) 414-9941.

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Florida Virtual School
Full-Time Equivalent (FTE) Students
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For the Fiscal Year Ended June 30, 2010

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EXECUTIVE SUMMARY

Summary of Attestation Examination

The Florida Virtual School complied, in all material respects, with State requirements regarding the determination and reporting of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2010.

Noncompliance related to reported FTE resulted in nine findings. The resulting proposed net adjustment to the Florida Virtual School's reported, unweighted FTE totaled to a negative 51.2000 but has a potential impact on the Florida Virtual School's weighted FTE of a negative 52.4659.

Weighted adjustments to FTE are presented in our report for illustrative purposes only. The weighted adjustments to FTE do not take special program caps and allocation factors into account and are not intended to indicate the weighted FTE used to compute the dollar value of adjustments, which is the responsibility of the Department of Education (DOE). However, the gross dollar effect of our proposed adjustments to FTE may be estimated by multiplying the proposed net weighted adjustment to FTE by the base student allocation amount. For the Florida Virtual School, the estimated gross dollar effect of our proposed adjustments to reported FTE is a negative \$190,484 (negative 52.4659 times \$3,630.62).

The ultimate resolution of our proposed adjustments to FTE and the computation of their financial impact is the responsibility of DOE.

Florida Virtual School

The Florida Virtual School was established pursuant to Section 1002.37, Florida Statutes, to develop and deliver online and distance learning education. The Florida Virtual School's mission is to provide students with technology-based educational opportunities to gain the knowledge and skills necessary to succeed. The Commissioner of Education monitors the Florida Virtual School's performance and reports its performance to the State Board of Education and the Legislature.

The governing body of the Florida Virtual School is the Board of Trustees, which is composed of seven members appointed by the Governor to four-year staggered terms. The Board of Trustees is to identify appropriate performance measures and standards based on student achievement that reflect the Florida Virtual School's statutory mission and priorities. The executive officer of the Board of Trustees is the appointed President and CEO. For the fiscal year ended June 30, 2010, the Florida Virtual School operated three schools serving kindergarten through twelfth grade students, reported 18,551.07 unweighted FTE for those students, and received approximately \$92 million in State funding for those FTE.

Florida Education Finance Program (FEFP)

Florida school districts receive State funding through FEFP to serve prekindergarten through twelfth grade students (adult education is not funded by FEFP). FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system the availability of programs and services appropriate to the student's educational needs which are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors. To provide equalization of educational opportunity in Florida, the FEFP formula recognizes: (1) varying local property tax bases, (2) varying program cost factors, (3) district cost differentials, and (4) differences in per student cost for equivalent educational programs due to sparsity and dispersion of student population. The funding provided by FEFP is based upon the numbers of individual students participating in particular educational programs. The Florida Virtual School is funded through FEFP as a special district. The Florida Virtual School reports FTE (full-time equivalent) student credit completions for courses offered to students who are Florida residents to the Department of Education for funding through FEFP. An FTE is one student who has successfully completed six courses or credits. A student who completes less than six credits will be a fraction of an FTE. Half-credit completions will be included in determining an FTE. Credits completed by a student in excess of the minimum required for that student for graduation are not eligible for funding.



DAVID W. MARTIN, CPA
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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT FLORIDA VIRTUAL SCHOOL FULL-TIME EQUIVALENT (FTE) STUDENTS

We have examined management's assertion, included in its representation letter dated October 18, 2010, that the Florida Virtual School complied with State requirements governing the determination and reporting of the number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2010. These requirements are found primarily in Sections 1011.60, 1011.61, and 1011.62, Florida Statutes; State Board of Education Rules, Chapter 6A-1, Florida Administrative Code; and the *FTE General Instructions* issued by the Department of Education. As discussed in the representation letter, management is responsible for the Florida Virtual School's compliance with State requirements. Our responsibility is to express an opinion on the Florida Virtual School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the Florida Virtual School's compliance with the aforementioned State requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. The legal determination of the Florida Virtual School's compliance with these requirements is, however, ultimately the responsibility of the Department of Education.

Compliance

In our opinion, the Florida Virtual School complied, in all material respects, with State requirements governing the determination and reporting of the number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2010.

The results of our examination disclosed noncompliance with the State requirements mentioned above. We considered this noncompliance in forming our opinion regarding the Florida Virtual School's compliance and it did not affect our opinion as stated above. All noncompliance disclosed by our examination procedures is discussed in SCHEDULE D. The impact of this noncompliance on the Florida Virtual School's reported FTE is presented in SCHEDULES A, B, C, and D.

Internal Control Over Compliance

In accordance with attestation standards established by the AICPA and *Government Auditing Standards*, we are required to report significant deficiencies in internal control detected during our examination and identify those considered to be material weaknesses. The purpose of our examination was to express an opinion on the Florida Virtual School's compliance with State requirements and did not include expressing an opinion on the Florida Virtual School's related internal controls. Accordingly, we express no such opinion. Due to its limited purpose, our examination would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses.¹ The noncompliance mentioned above, while indicative of certain control deficiencies,¹ is not considered indicative of material weaknesses in the Florida Virtual School's internal controls related to the determination and reporting of FTE. The findings, populations, samples, and exception totals that pertain to noncompliance are presented in SCHEDULES A and D.

The Florida Virtual School's written response to this examination has not been subjected to our examination procedures and, accordingly, we express no opinion on it.

¹ A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the aforementioned State requirements such that there is more than a remote likelihood that noncompliance that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more-than-remote likelihood that material noncompliance will not be prevented or detected by the entity's internal control.

Pursuant to Section 11.45(4)(c), Florida Statutes, this report is a public record and its distribution is not limited. Attestation standards established by the AICPA require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the State Board of Education, the Department of Education, and applicable Florida Virtual School management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
October 31, 2011

SCHEDULE A

Florida Virtual School
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
POPULATIONS, SAMPLES, AND TEST RESULTS
For the Fiscal Year Ended June 30, 2010

The Florida Virtual School reported 18,551.07 unweighted FTE for 99,623 students to the Department of Education for the fiscal year ended June 30, 2010. The unweighted FTE included students in public and private schools as well as home schooled students and was reported for Basic Programs (i.e., 101 *Basic K-3*, 102 *Basic 4-8*, and 103 *Basic 9-12*) at the following three schools: Florida Virtual Middle School, Florida Virtual High School, and Florida Connections Academy. Also, for the fiscal year ended June 30, 2010, the Florida Virtual School employed 1,114 teachers for the three schools.

The Florida Virtual School reports FTE student credit completions for courses offered. An FTE is one student who has successfully completed six courses or credits. A student who completes less than six credits will be a fraction of an FTE. Unweighted FTE represents FTE prior to the application of the applicable cost factor for each Program. (See SCHEDULE B and NOTE A4.)

As part of our examination, we sampled 248 students and 300 teachers from the three schools. We also analyzed student addresses for the population of students reported for funding through FEFP. In our other FEFP examinations, our proposed adjustments to FTE generally reclassify reported FTE to Basic education, except for instances of noncompliance involving student course completion or credits earned in which case reported FTE is taken to zero. For the Florida Virtual School, FTE is reported only in Basic education. As a result, when applicable, we have either presented certain disclosure Findings with no proposed adjustments to FTE or we have proposed adjusting the reported FTE to zero. (See SCHEDULES B, C, and D.)

The ultimate resolution of our proposed adjustments to FTE and the computation of their financial impact is the responsibility of DOE.

The accompanying notes are an integral part of this schedule.

SCHEDULE B

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
EFFECT OF PROPOSED ADJUSTMENTS ON WEIGHTED FTE
(For Illustrative Purposes Only)
 For the Fiscal Year Ended June 30, 2010

<u>No. Program</u> ¹	<u>Proposed Net Adjustment</u> ²	<u>Cost Factor</u>	<u>Weighted FTE</u> ³
102 Basic 4-8	(12.8400)	1.000	(12.8400)
103 Basic 9-12	(38.3600)	1.033	(39.6259)
Total	(51.2000)		(52.4659)

¹ See NOTE A6.

² These proposed adjustments are for unweighted FTE. (See SCHEDULE C.)

³ Weighted adjustments to FTE are presented for illustrative purposes only. The weighted adjustments to FTE do not take special program caps or allocation factors into consideration and are not intended to indicate the FTE used to compute the dollar value of adjustments. That computation is the responsibility of the Department of Education. (See NOTE A4.)

The accompanying notes are an integral part of this schedule.

SCHEDULE C

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
PROPOSED ADJUSTMENTS BY SCHOOL
 For the Fiscal Year Ended June 30, 2010

<u>No. Program</u>	<u>Proposed Adjustments¹</u>				<u>Total</u>
	<u>#0500²</u>	<u>#0600²</u>	<u>#N998²</u>	<u>#N999²</u>	
102 Basic 4-8	(1.3344)	(0.2502)	(10.2546)	(1.0008)	(12.8400)
103 Basic 9-12	(15.4278)	(20.1800)	(2.7522)	(38.3600)
Total	<u>(1.3344)</u>	<u>(15.6780)</u>	<u>(30.4346)</u>	<u>(3.7530)</u>	<u>(51.2000)</u>

¹ These proposed adjustments are for unweighted FTE. (See NOTE A4.)

² School numbers (current enrollment) and associated descriptions: #0500 – Florida Virtual Middle School; #0600 – Florida Virtual High School; #N998 – Home School; #N999 – Nonpublic Schools.

The accompanying notes are an integral part of this schedule.

SCHEDULE D

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2010

Overview

The Florida Education Finance Program (FEFP) was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system the availability of programs and services appropriate to the student's educational needs which are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors. For the 2009-10 fiscal year, the Florida Virtual School reported 18,551.07 unweighted full-time equivalent (FTE) students and received approximately \$92 million in State funding for those FTE. Florida Virtual School management is responsible for determining and reporting the number of FTE students under the Florida Education Finance Program in compliance with State requirements and maintaining records for examination. These requirements are found primarily in Sections 1011.60, 1011.61, and 1011.62, Florida Statutes; State Board of Education Rules, Chapter 6A-1, Florida Administrative Code; and the *FTE General Instructions* issued by the Department of Education. The Florida Virtual School complied, in all material respects, with State requirements governing the determination and reporting of FTE for the fiscal year ended June 30, 2010. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 16.

Findings

Our examination included all four surveys (i.e., the July and October 2009 surveys and the February and June 2010 surveys [see NOTE A5]). Our Findings do not mention the specific survey unless necessary for a complete understanding of the instances of noncompliance being disclosed.

Florida Residency

1. [Ref. ---] The Florida Virtual School offers online courses to students residing in the State of Florida and anywhere in the world. The Florida Virtual School reports FTE student credit completions for courses offered to students who are Florida residents to the Department of Education for funding through FEFP. For students who are not Florida residents, the Florida Virtual School (i.e., Global School) charges tuition for courses taken.

**Proposed Net
Adjustments
(Unweighted FTE)**

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2010

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings**Florida Residency** (Continued)

Our examination procedures included an analysis of student addresses to determine Florida residency for all students reported to the Department of Education for funding through FEFP for the 2009-10 fiscal year. We determined that the name of the state associated with the students' addresses was other than Florida (i.e., FL) for 375 students. On June 27, 2011, we requested that the Florida Virtual School provide documentation to us evidencing Florida residency for these students. As of August 10, 2011, the Florida Virtual School provided selected documentation to us for 344 of the 375 students.

The results of our testing disclosed that addresses for 159 of the 344 students were valid Florida addresses but the "state" portion of the student address records contained incomplete or inaccurate data (e.g., no state listed for the Florida city and zip code provided or another state listed that did not match the Florida city and zip code provided). Florida Virtual School management indicated that the students' use of a dropdown box for selecting the state was the cause of many of these address issues. Complete and accurate data is fundamental to ensuring data validity and reliability. We are presenting this disclosure Finding with no proposed adjustment.

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The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Florida Virtual School
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

**Proposed Net
Adjustments
(Unweighted FTE)**

Findings**Florida Residency** (Continued)

Documentation provided for the remaining 185 of the 344 students listed student addresses outside the State of Florida. Exceptions apply for certain students not physically residing in Florida (e.g., children of military personnel residing outside of Florida but who have Florida as home residency on record with the military). We were provided documentation confirming Florida residency for 2 such students. Although the Florida Virtual School provided various documentation including student transcripts and home school letters for the remaining 183 students, we were not provided documentation that confirmed Florida residency for these students at the time of FTE student credit completions. Florida Virtual School management indicated that their students fall into two categories: registered public school students and registered home school students. Florida Virtual School management further indicated that they rely on the applicable Florida school districts to ensure proper eligibility of students at the time of enrollment and then they rely on the students, parents, or school of enrollment to notify the Florida Virtual School if a student move occurs. As a result, students who move outside the State of Florida after enrollment may be incorrectly funded through FEFP. Also, in circumstances where students are reported for FEFP funding without the Florida Virtual School retaining corresponding documentation of Florida residency at the time of FTE student credit completions, there is an increased risk that Global School students may be reported for funding through FEFP. Inasmuch as the records for the 183 students mentioned above contained addresses outside the State of Florida and absent adequate documentation to otherwise confirm Florida residency at the time of FTE student credit completions, we were unable to determine that these students were eligible for funding through FEFP.

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2010

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings

Florida Residency (Continued)

On October 18, 2011, in response to our preliminary and tentative findings, Florida Virtual School management provided additional documentation for 36 of the 183 students. Our analysis of that documentation supported eligibility for FEFP funding. As such, we amended our proposed net adjustments and propose the following adjustment:

102 Basic 4-8	(9.3384)	
103 Basic 9-12	<u>(30.7722)</u>	(40.1106)

Additionally, as of August 10, 2011, the Florida Virtual School had provided no documentation for the remaining 31 of the 375 students questioned by us. Consequently, we were unable to determine that these students were eligible for funding through FEFP.

On October 18, 2011, in response to our preliminary and tentative findings, Florida Virtual School management provided documentation for 1 of the 31 students. Our analysis of that documentation supported eligibility for FEFP funding. As such, we amended our proposed net adjustments and propose the following adjustment:

102 Basic 4-8	(3.3348)	
103 Basic 9-12	<u>(7.5878)</u>	(10.9226)
		<u>(51.0332)</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2010

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings**Policies and Procedures**

2. [Ref. ---] The establishment of written policies and procedures helps to ensure that management directives are clearly communicated, understood, accepted, and consistently followed by all staff. Our examination disclosed that, although the Florida Virtual School had established written policies and procedures for various functions, the Florida Virtual School's verification of Florida residency of students reported for FEFP funding could be improved with the establishment and implementation of policies and procedures incorporating additional controls, such as:

- Implementing memoranda of understanding or other similar documents. A memorandum of understanding (MOU) is a document that defines an agreement between parties. One benefit of MOUs is to outline the responsibilities and expectations of each party to the agreement. As described in Finding No. 1, Florida Virtual School management indicated that management relies on the applicable Florida school districts to ensure proper eligibility of students at the time of enrollment and then management relies on the students, parents, or school of enrollment to notify the Florida Virtual School if a student move occurs. The use of an MOU or a similar document could more formally define the responsibilities of the Florida Virtual School and Florida school districts.
- Defining documentation to be retained to adequately support the Florida residency of students.
- Confirming the Florida residency of students with Florida school districts on a periodic basis.

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Florida Virtual School
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
For the Fiscal Year Ended June 30, 2010

**Proposed Net
Adjustments
(Unweighted FTE)**

Findings

Policies and Procedures (Continued)

The absence of written policies and procedures defining management’s expectations regarding the verification of Florida residency of students reported for State funding through FEFP and retention of such documentation limits management’s ability to adequately document the students’ eligibility for the FTE reported to the Department of Education as described in Finding No. 1. We are presenting this disclosure Finding with no proposed adjustment.

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Florida Virtual Middle School (#0500)

3. [Ref. 50071/72] Two teachers were not properly certified and were not approved by the Board of Trustees to teach out of field. One teacher was certified in Math but taught courses that required certification in Physical Education and Spanish. The other teacher was certified in English and Reading but taught courses that required certification in French and Spanish. We also noted that the parents of the students concerned were not notified of the teachers’ out-of-field status. No adjustments to FTE are proposed. (See explanation on SCHEDULE A.)

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The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2010

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings

Florida Virtual Middle School (#0500) (Continued)

4. [Ref. 50002] For one student, who was reported in the June 2010 survey, we were not provided documentation that the student received a passing grade and course credit for one course reported. Consequently, we could not determine that the course was completed. We propose the following adjustment to FTE:

102 Basic 4-8	(.0834)	(.0834)
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5. [Ref. 50003] For one student, who was reported in the October 2009 survey, documentation to support the course grade and credit received for one course was missing and could not be located. Consequently, we could not determine that the course was completed. We propose the following adjustment to FTE:

102 Basic 4-8	(.0834)	(.0834)
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(0.1668)

Florida Virtual High School (#0600)

6. [Ref. 60071/72/73/75/76] Five teachers were not properly certified and were not approved by the Board of Trustees to teach out of field. The teachers were certified in Health, but each teacher taught one course that required certification in Home Economics or Family/Consumer Science. We also noted that the parents of the students concerned were not notified of the teachers' out-of-field status. No adjustments to FTE are proposed. (See explanation on SCHEDULE A.)

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The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2010

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings**Florida Connections Academy (#7078)**

7. [Ref. 707801] Our examination of school transcripts for students enrolled in Florida Connections Academy classes disclosed that State course numbers and official abbreviated titles were not recorded. The 2009-10 Course Code Directory states “On permanent records and transcripts, school districts must record the state course numbers and abbreviated titles as found in the Course Code Directory. On report cards, school districts must use the state abbreviated titles without alteration and may use the course numbers. If the district chooses to use course numbers on report cards, the numbers must be displayed without alteration.” No adjustment to FTE is proposed. (See explanation on SCHEDULE A.)

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8. [Ref. 707802] Our examination of the Academy’s attendance procedures for students enrolled in the Safety Net Program disclosed the following: (a) the presence (or absence) of the student is not recorded by the teacher of record but by the student’s Learning Coach (i.e., parent); (b) instructional time reported includes instructional time with the Learning Coach (offline) as well as time spent online (virtual instruction); and (c) students who choose not to complete any educational activities (offline and online instruction) on any regularly scheduled school day, as defined by the Academy’s 180-day school calendar, are not identified as absent. The students are identified as either “vacation” or “zero” hours. These procedures do not comply with Section 1002.415(5)(b), Florida Statutes, which states “Students enrolled in a K-8 virtual school are subject to the compulsory attendance requirements of s. 1003.21. Student attendance must be verified according to procedures of the Department of Education.” No adjustment to FTE is proposed. (See explanation on SCHEDULE A.)

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The accompanying notes are an integral part of this schedule.

SCHEDULE D (Continued)

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
FINDINGS AND PROPOSED ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2010

**Proposed Net
 Adjustments
 (Unweighted FTE)**

Findings

Florida Connections Academy (#7078) (Continued)

9. [Ref. 707871/72] Two teachers were not properly certified and were not approved by the Board of Trustees to teach out of field. One teacher was certified in Math but taught courses that required certification in Elementary Education. The other teacher was certified in English but taught courses that required certification in Elementary Education. We also noted that the parents of the students concerned were not notified of the teachers' out-of-field status. No adjustments to FTE are proposed. (See explanation on SCHEDULE A.)

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Proposed Net Adjustment

(51.2000)

The accompanying notes are an integral part of this schedule.

SCHEDULE E

Florida Virtual School
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2010

Recommendations

We recommend that management: (1) establish and implement written policies and procedures to provide for documentation of Florida residency of students reported for State funding through FEFP, and (2) implement data validation controls to improve the reliability of student address information. **We also recommend** that management exercise more care and take corrective action, as appropriate, to ensure that: (3) teachers are properly certified or, if out of field, are approved by the Board of Trustees to teach out of field; (4) parents are appropriately notified if their children have been assigned to classes taught by out-of-field teachers; (5) documentation is maintained to support FTE reported for all completed courses, (6) State course numbers and official abbreviated titles are recorded on school transcripts; and (7) attendance procedures are in compliance with Florida Statutes.

The absence of statements in this report regarding practices and procedures followed by the Florida Virtual School should not be construed as acceptance, approval, or endorsement of those practices and procedures. Additionally, the specific nature of this report does not limit or lessen the Florida Virtual School’s obligation to comply with all State requirements governing FTE and FEFP.

Regulatory Citations

Reporting

- Section 1011.60, F.S. Minimum Requirements of the Florida Education Finance Program
- Section 1011.61, F.S. Definitions
- Section 1011.62, F.S. Funds for Operation of Schools
- Rule 6A-1.0451, F.A.C. FEFP Student Membership Surveys
- Rule 6A-1.04513, F.A.C. Maintaining Auditable FTE Records
- FTE General Instructions 2009-10*

Attendance

- Section 1003.23, F.S. Attendance Records and Reports
- Rules 6A-1.044(3) and (6)(c), F.A.C. Pupil Attendance Records
- Rule 6A-1.04513, F.A.C. Maintaining Auditable FTE Records
- FTE General Instructions 2009-10*
- Comprehensive Management Information System: Automated Student Attendance Recordkeeping System*

The accompanying notes are an integral part of this schedule.

SCHEDULE E (Continued)

Florida Virtual School
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Year Ended June 30, 2010

Regulatory Citations (Continued)

Educational Choice

- Section 1002.37, F.S.The Florida Virtual School
- Section 1002.415, F.S.K-8 Virtual School Program (Florida Connections Academy)

Teacher Certification

- Section 1012.42(2), F.S.Teacher Teaching Out-of-Field; Notification Requirements
- Section 1012.55, F.S.Positions for Which Certificates Required
- Rule 6A-1.0502, F.A.C.Non-certificated Instructional Personnel
- Rule 6A-1.0503, F.A.C.Definition of Qualified Instructional Personnel
- Rule 6A-4.001, F.A.C.Instructional Personnel Certification

The accompanying notes are an integral part of this schedule.

Florida Virtual School
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2010

NOTE A - SUMMARY

A summary discussion of the significant features of the Florida Virtual School, FEFP, FTE, and related areas follows:

1. Florida Virtual School

The Florida Virtual School was established pursuant to Section 1002.37, Florida Statutes, to develop and deliver online and distance learning education. The Florida Virtual School's mission is to provide students with technology-based educational opportunities to gain the knowledge and skills necessary to succeed. The Florida Virtual School serves any student in the State who meets the profile for success in this educational delivery context. The Commissioner of Education monitors the Florida Virtual School's performance and reports its performance to the State Board of Education and the Legislature.

For the fiscal year ended June 30, 2010, the Florida Virtual School operated three schools serving kindergarten through twelfth grade students, reported 18,551.07 unweighted FTE for those students, and received approximately \$92 million in State funding for those FTE. The primary source of funding for the Florida Virtual School is from FEFP.

2. Florida Education Finance Program (FEFP)

Florida school districts receive State funding through FEFP to serve prekindergarten through twelfth grade students (adult education is not funded by FEFP). FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system the availability of programs and services appropriate to the student's educational needs which are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors. To provide equalization of educational opportunity in Florida, the FEFP formula recognizes: (1) varying local property tax bases, (2) varying program cost factors, (3) district cost differentials, and (4) differences in per student cost for equivalent educational programs due to sparsity and dispersion of student population.

Florida Virtual School
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
For the Fiscal Year Ended June 30, 2010

NOTE A - SUMMARY (Continued)

3. Full-Time Equivalent (FTE) Students

The funding provided by FEFP is based upon the numbers of individual students participating in particular educational programs. The Florida Virtual School is funded through FEFP as a special district. The Florida Virtual School reports FTE student credit completions for courses offered. An FTE is one student who has successfully completed six courses or credits. A student who completes less than six credits will be a fraction of an FTE. Half-credit completions will be included in determining an FTE. Credit completed by a student in excess of the minimum required for that student for graduation is not eligible for funding.

4. Calculation of FEFP Funds

The amount of State and local FEFP funds is calculated by the Department of Education by multiplying the number of unweighted FTE in each educational program by the specific cost factor of each program to obtain weighted FTEs. Weighted FTEs are multiplied by the base student allocation amount and that product is multiplied by the appropriate cost differential factor. Various adjustments are then added to this product to obtain the total State and local FEFP dollars. All cost factors, the base student allocation amount, cost differential factors, and various adjustment figures are established by the Florida Legislature.

5. FTE Surveys

FTE is determined and reported during the school year by means of four FTE surveys. Each survey is conducted during a period of one week. The surveys for the 2009-10 school year were conducted during and for the following weeks: survey one was performed for July 13 through 17, 2009; survey two was performed for October 12 through 16, 2009; survey three was performed for February 8 through 12, 2010; and survey four was performed for June 14 through 18, 2010. For the Florida Virtual School, FTE is reported for funding in the survey that corresponds with the period during which the student successfully completed the course.

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
 For the Fiscal Year Ended June 30, 2010

NOTE A - SUMMARY (Continued)

6. Educational Programs

FEFP funds ten specific programs under which instruction may be provided as authorized by the Florida Legislature. The general program titles under which these specific programs fall are as follows: (1) Basic, (2) ESOL, (3) ESE, and (4) Career Education 9-12. During the 2009-10 fiscal year, the Florida Virtual School provided instruction for Basic Programs only.

7. Statutes and Rules

The following statutes and rules are of significance to the administration of Florida public education:

- Chapter 1000, F.S.K-20 General Provisions
- Chapter 1001, F.S.K-20 Governance
- Chapter 1002, F.S.Student and Parental Rights and Educational Choices
- Chapter 1003, F.S.Public K-12 Education
- Chapter 1006, F.S.Support for Learning
- Chapter 1007, F.S.Articulation and Access
- Chapter 1010, F.S.Financial Matters
- Chapter 1011, F.S.Planning and Budgeting
- Chapter 1012, F.S.Personnel
- Chapter 6A-1, F.A.C.Finance and Administration
- Chapter 6A-4, F.A.C.Certification
- Chapter 6A-6, F.A.C.Special Programs I

Florida Virtual School
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
NOTES TO SCHEDULES
 For the Fiscal Year Ended June 30, 2010

NOTE B – DATA ANALYSIS AND TESTING

We analyzed student addresses for the population of students reported for funding through FEFP. Our examination procedures also provided for the selection of samples of students and teachers, using statistical and judgmental methods, for testing FTE reported to the Department of Education for the fiscal year ended June 30, 2010. Our data analysis and testing were designed to facilitate the performance of appropriate examination procedures to test the Florida Virtual School's compliance with State requirements governing FTE and FEFP. Our examination procedures resulted in Findings as categorized below:

<u>Description/School Name</u>	<u>Finding Number(s)</u>
1. Florida Residency	1
2. Policies and Procedures	2
3. Florida Virtual Middle School	3 through 5
4. Florida Virtual High School	6
5. Florida Connections Academy	7 through 9

EXHIBIT A
MANAGEMENT'S RESPONSE



October 18, 2011

Mr. David W. Martin
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Sent via email

Dear Mr. Martin:

Thank you for the opportunity to respond to the preliminary and tentative examination findings and recommendations for the Florida Virtual School FTE Audit performed for the 09/10 school year. We have responded to each finding per your instructions.

We look forward to hearing from your office once you've had a chance to review our response. Thank you for your consideration and be assured that we welcome the opportunity to work with your team in the future to find the best process for meeting audit needs in virtual programs.

Please don't hesitate to contact me if you have additional questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Julie E. Young".

Julie Young, CEO and President

JY/sa
Attachment: 09_10 Audit Official Response.docx

Cc: Members, Board of Trustees

**EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE**

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Florida Virtual School (FLVS)

Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
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INTRODUCTION

FLVS is pleased to respond to the Audit Findings report for the 09/10 FEFP FTE Audit. We recognize that this audit was charting new territory for both the FL Auditor General's office, and FLVS and we appreciate the consideration and patience of your staff as we both worked to figure this out for virtual programs in general and FLVS specifically. FLVS remains committed to ensuring the highest level of compliance with state and federal mandates, and we feel our response below demonstrates that commitment. Thank you again for the opportunity to respond. To simplify our response we have used the same reference numbers and structure as your original document. One major element that was added to the audit findings dealt with eligibility of our students due to residency. We have addressed that specifically below prior to responding to each exception.

FLORIDA RESIDENCY

The FLVS Classic program serves Florida students who are registered with another district's school or private school as their school of enrollment. As such, their eligibility is "owned" by that school of enrollment. FLVS, as the school of instruction, is a service to that student and school and relies on the school of enrollment to clear the student for a Florida education. We do, however, also verify enrollment in 3 ways:

1. **Prior to working in a course:** FLVS provides part-time instruction to students in Florida who are enrolled in a public, private or home school setting. We validate eligibility prior to enrollment in two ways:
 - a. **Home School students:** Each year their residency/eligibility to receive this instruction is validated by their zoned district of enrollment. We must obtain annually a signed Home School District Verification Form before a student can register for classes with FLVS. The process that we publish to students is included on our website:
<http://www.flvs.net/areas/flvscourses/Documents/Homeschooler%20Sign%20Up%20checklist.pdf>.
 - b. **Public/Private School students:** Every time a student requests a FLVS course, the course request must be verified online in our Virtual School Administrator (VSA) student information system by the guidance counselor at the student's school of enrollment. This verification accomplishes two important things: it verifies that the student is enrolled and eligible for public school funding; and it verifies that the course requested fulfills a requirement per the school's student progression plan and needs for that student. FLVS is not the school of enrollment for any of the part-time students accessing our system; therefore, we are not able to access official student records held by other schools/districts. We recognize the importance of this verification process, and so we do capture the approval electronically including the name and role of the person performing the electronic approval.

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2. **Working in the course:** Students working in their FLVS course have at least monthly conversations with their FLVS instructor and a parent/guardian. If a FLVS instructor suspects that the student's residency has changed (phone number changes; parent notifies instructor that student has moved or is moving), he or she is trained to ask and report any eligibility concerns to our enrollment office. Our policy is to allow any student to complete the current semester of work if he/she is at least 85% complete as of the date he/she withdraws from the FL education system.

3. **At course completion:** When a public/private student completes a semester of work, that completion is reported via an electronic transcript to the school of enrollment, again through our VSA student information system. It goes into a "pending file" and must be accessed and processed in VSA by a user at the student's school of enrollment. We obtain the date and user name for the person who processes this electronic transcript. (Processing normally entails the receiving school manually entering the course information into their SIS system to be part of the student's official transcript.) Therefore, if the FLVS course appears on the student's official transcript from their school of enrollment, we can reasonably conclude that the student was still eligible to participate at the time of completion. As discussed with Nancy Reeder in the Auditor General's office, we obtained a copy of the school of enrollment's official transcript as sufficient evidence to verify eligibility.

RESPONSE TO FTE ADJUSTMENT

For the 183 students (62.7080 unweighted FTE) reported as ineligible in the preliminary and tentative findings report, FLVS has obtained documentation from the student's school or district of enrollment at the time of completion for 48 of them. This documentation shows that we are eligible to claim FTE for 37 of the 48 students, representing approximately 11.5080 FTE (unweighted.). The remaining 11 of the 48 students were determined to be ineligible.

Changes to Processes

Data validation at time of entry

Many of the challenges with regard to the audit findings stem from the manner in which FLVS must obtain student data. As discussed previously, we are not the district or school of enrollment for a large percentage of our students and do not, therefore, receive data electronically through state-wide systems. Instead, much of our data is self-reported and entered by the student at the time of registration. We are currently rewriting our Admissions and Registration module of our student information system (VSA) and have included the following routines and practices to ensure accurate data:

- Students cannot select a state other than FL for the primary address
- The address entered is validated with QAS to ensure it's a valid address

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- The state student ID is looked up through the FL Student Locator Database rather than accepting student input alone
- Counselors at the school of enrollment will continue to validate data and appropriateness of course selection

Homeschool verification of residency

FLVS has not consistently required annual re-verification of homeschool registration. Based on the audit findings, we will modify our current processes such that every home school student is required to annually verify their enrollment as a homeschooled student in a Florida district. Further, we will verify this information with each district as well. We will document this process in a SOP and will ensure that all affected staff is aware of the process and receives training on applicable portions of it.

District student verification of residency

We feel that our processes for verifying eligibility are sound. However, we do feel that we can do more to ensure that the processes are formally published and followed. We will, therefore, implement the following items to further strengthen our procedures:

- We will publish SOPs around all processes that impact student eligibility and/or district communication around eligibility.
- Teacher training will be enhanced to specifically and deliberately address eligibility verification and policies. Our instructors are often our "eyes on the street", and they can be the first to learn of a possible change in eligibility. We will provide them with clear directions and processes on how to explore that possible eligibility change with their students. We will also ensure that our policy of only retaining students who are 85% or more complete with a course at the time of relocation is understood and followed.
- Training for school of enrollment personnel will be enhanced to stress the need and provide a process for immediate notification to FLVS of student withdrawals. Our Public School District Terms of Agreements for the 11/12 school year are already in force, but we will also look at adding language for 12/13 to address expectations in this area, per your recommendation.
- FLVS will add the capability to our VSA system to identify students with military status and digitally track documentation. We do rely on the school of enrollment for this now but recognize that it creates unnecessary audit exceptions. This new capability does require additional programming and will not be implemented until later in the 11/12 school year.

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FLORIDA VIRTUAL MIDDLE SCHOOL (#0500)**#3 – AG #50071/50072 -**

While the school was attempting to hire a Florida certified teacher, it temporarily employed the services of a Spanish teacher that was certified in another state to assist the homeroom teachers in our Home Ed program and also teach students enrolled in the Classic program (#0500.) The homeroom teachers were erroneously reported as the teacher of record. A Florida certified teacher was hired in the fall of 2009.

#4 - AG# 50002 - Originally, the student completed the M/J Language Arts 2 course with course type of advanced: course code 1001050. The course was completed on 2/27/2010 and submitted during survey period 4 of the 0910 survey year. The VSA course code is the same for both regular and advanced; however, there are extra assignments that are completed to qualify for the advanced course. Upon completing segment 2 of the same course, the teacher noticed the student did not complete the necessary assignments for advanced credit in segment 1. The teacher sent an email on 8/14/2010 to her Instructional Leader (IL) to inform her of the mistake and to have the Enrollment Team correct the enrollment type to course type of regular: course code 1001040. The IL approved the request and forwarded the email to the enrollment team on 8/18/2010. The Enrollment Team made the change in VSA on 8/19/2010. Appropriate FTE personnel were not notified of the change in time to make the correction to FTE prior to the final update/amendment date for survey 4, 8/31/2010.

Currently, a new process as of 11/2/2010 has been approved and distributed to notify appropriate FTE personnel of enrollment changes to avoid this same issue from occurring in the future. This new process is detailed in the Standard Operating Procedure (SOP) titled: IT-BA-FTE-0002 VSA Data Changes and the Effect on FTE.docx.

#5 – AG #50003 –

While we were not able to find any work or grades for the student in question, we were able to recover some emails between the instructor and the student. The correspondence clearly indicates the student did complete the course. FLVS also discussed this situation with the teacher who remembers the student well. In addition, the teacher contacted the parent who confirmed that the student completed as well.

We are unable to locate the actual student records for this particular course. The most likely possibility is that at some point this student was restored to Educator (our LMS) from the archives, and instead of re-archiving the student, someone deleted the student from the course directly. There is also a possibility that the student was manually deleted from the course before the student was archived. Either one of these scenarios would explain what we are seeing here. One other piece of information that supports this is that we cannot find any email archives of this student. The recovered messages we found were

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recovered from the instructor's account not the student. Again, this would indicate that at some point the student was manually deleted from the course.

In summary, FLVS has always had the ability to recover student work from the Learning Management System. In this case, from the research we conducted, the issue is believed to be due to an end user error and not due to any faults in the system we utilize to store our data.

We did take steps to ensure that personnel with this high level of access to the LMS were properly trained in the process for archiving and restoring student records in the LMS.

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FLORIDA VIRTUAL HIGH SCHOOL (#0600)

#6 – AG #60071/60072/60073/60075/60076 –

All of the referenced teachers were certified in Health and qualified to teach Life Management Skills. At enrollment, students were given an option to choose 'vocational' as a course type. When this option and course code was chosen by the student, it put these teachers out of field.

We are reviewing our present integration/enrollment system to put into place a series of checks and balances to assure correct enrollment information so this error cannot occur again.

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FLORIDA CONNECTIONS ACADEMY (#7078)

#7 – AG #707801 – Beginning with the 2011-12 school year, the school’s transcripts contain the state course numbers and abbreviated titles.

#8 – AG #707802 – For Safety Net, eligibility for funding was determined by enrollment in the program as of date certain. The attendance procedures were reviewed and approved by the Florida Department of Education. The program ceased operations after the 2010-11 school year and funding for school ID 7078 is now solely based on course completion.

#9 – AG #707871/707872 –

The courses in question were taught during the 2008-09 school year and reported in the 2009-10 Survey 1 (due to a reporting error). Since the 2009-10 school year, it has been the school’s practice not to assign teachers to courses outside their field.