

## **FLORIDA VIRTUAL SCHOOL**

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

For the Fiscal Year Ended  
June 30, 2014



Sherrill F. Norman, CPA  
Auditor General

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The team leader was Bernice Rivas and the examination was supervised by Aileen B. Peterson, CPA, CPM.

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**FLORIDA VIRTUAL SCHOOL  
LIST OF ABBREVIATIONS**

ELL	English Language Learners
ESE	Exceptional Student Education
ESOL	English for Speakers of Other Languages
FAC	Florida Administrative Code
FEFP	Florida Education Finance Program
FS	Florida Statutes
FTE	Full-Time Equivalent
IDEA	Individuals with Disabilities Education Act
IEP	Individual Educational Plan
OJT	On-the-Job Training

**FLORIDA VIRTUAL SCHOOL  
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## SUMMARY

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### SUMMARY OF ATTESTATION EXAMINATION

Except for the material noncompliance described below involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for students in Basic with ESE Services, 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, 2014:

- Four of the 28 students in our Basic with ESE Services test had exceptions involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located.

Noncompliance related to the reported FTE resulted in ten findings. The resulting proposed net adjustment to the Florida Virtual School's reported, unweighted FTE totaled to a negative 9.6835 but has a potential impact on the Florida Virtual School's weighted FTE of a negative 9.7770.

The weighted adjustments to the FTE are presented in our report for illustrative purposes only. The weighted adjustments to the 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. That computation is the responsibility of the Department of Education. However, the gross dollar effect of our proposed adjustments to the FTE may be estimated by multiplying the proposed net weighted adjustment to the FTE by the base student allocation amount. For the Florida Virtual School, the estimated gross dollar effect of our proposed adjustments to the reported FTE is a negative \$36,686 (negative 9.7770 times \$3,752.30).

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

### FLORIDA VIRTUAL SCHOOL

The Florida Virtual School was established pursuant to Section 1002.37(1)(a), FS, to develop and deliver online and distance learning education. The Florida Virtual School's mission as stated in Section 1002.37(1)(b), FS, is to provide students with technology-based educational opportunities to gain the knowledge and skills necessary to succeed. The Commissioner of Education shall monitor and report the Florida Virtual School's performance to the State Board of Education and the Legislature.

Section 1002.37(2), FS, provides that the Florida Virtual School is to be governed by a Board of Trustees (Board) composed of seven members appointed by the Governor to 4-year staggered terms. The executive officer of the Board is the appointed President and Chief Executive Officer. For the fiscal year ended June 30, 2014, the Florida Virtual School operated five schools serving kindergarten through twelfth-grade students, reported 28,386.88 unweighted FTE as recalibrated for those students, and received approximately \$149.1 million in State funding through the FEFP.

## **Full-Time Equivalent (FTE) Students**

Florida school districts receive State funding through the FEFP to serve prekindergarten through twelfth-grade students (adult education is not funded by the FEFP). The FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system, including charter schools, the availability of programs and services appropriate to the student's educational needs that 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 the FEFP is based upon the numbers of individual students participating in particular educational programs. The Florida Virtual School is funded through the FEFP as a special district. 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 the FEFP. For virtual education students, one student would be reported as one FTE if the student has successfully completed six courses or credits or the prescribed level of content that counts toward promotion to the next grade. 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.

For the 2013-14 school year and beyond, all student FTE enrollment is capped at 1.0 FTE except for the FTE earned by the Department of Juvenile Justice (DJJ) students beyond the 180-day school year. School districts report all FTE student enrollment regardless of the 1.0 FTE cap. The Department of Education combines all FTE enrollment reported for the student by all school districts, including the Florida Virtual School (FLVS) Part-Time Program, using a common student identifier. The Department of Education then recalibrates all reported FTE student enrollment for each student to 1.0 FTE, if the total reported FTE for the student exceeds 1.0 FTE. The FTE reported for extended school year periods and DJJ FTE enrollment earned beyond the 180-day school year is not included in the recalibration to 1.0 FTE.



Sherrill F. Norman, CPA  
Auditor General

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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 ON THE NUMBER OF FULL-TIME EQUIVALENT (FTE) STUDENTS

We have examined the Florida Virtual School's compliance 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, 2014. 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 2013-14* 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.

Our examination procedures disclosed the following material noncompliance: 4 of the 28 students in our Basic with ESE Services test<sup>1</sup> had exceptions involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located.

In our opinion, except for the material noncompliance mentioned above involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for students in Basic with ESE Services, the Florida Virtual School

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<sup>1</sup> For Basic with ESE Services, see *SCHEDULE D*, Findings 3, 4, 5, and 6.

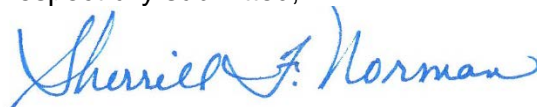
complied, in all material respects, with State requirements governing the determination and reporting of the number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2014.

In accordance with attestation standards established by the AICPA and *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Florida Virtual School's compliance with State requirements and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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.<sup>2</sup> However, the material noncompliance mentioned above is indicative of significant deficiencies considered to be material weaknesses in the Florida Virtual School's internal controls related to reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for students in Basic with ESE Services. Our examination disclosed certain other findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in *SCHEDULE D* and *MANAGEMENT'S RESPONSE*, respectively. The impact of this noncompliance on the Florida Virtual School's reported FTE is presented in *SCHEDULES A, B, C, 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.

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,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
December 15, 2015

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<sup>2</sup> A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis.

# SCHEDULE A

## POPULATIONS, TEST SELECTION, AND TEST RESULTS FULL-TIME EQUIVALENT (FTE) STUDENTS

### Reported FTE

The funding provided by the FEFP is based upon the numbers of individual students participating in particular educational programs. The FEFP funds ten specific programs that are grouped under the following four general program titles: Basic, ESOL, ESE, and Career Education 9-12. The unweighted FTE included students in public and private schools as well as home-schooled students and represents the FTE prior to the application of the specific cost factor for each program. (See *SCHEDULE B* and NOTES A3, A4, and A5.) The Florida Virtual School reported 28,386.88 unweighted FTE as recalibrated for those students at five virtual education schools to the Department of Education for the fiscal year ended June 30, 2014.

The Florida Virtual School reports FTE student credit completions for courses offered. For virtual education students, one student would be reported as one FTE if the student has successfully completed six courses or credits or the prescribed level of content that counts toward promotion to the next grade. 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.

### Schools and Students

As part of our examination procedures, we tested the FTE reported to the Department of Education for schools and students for the fiscal year ended June 30, 2014. (See NOTE B.) The population of schools (5) consisted of the total number of virtual education schools that offered virtual instruction in the FEFP-funded programs. The population of students (184,608) consisted of the total number of students in each program at the schools in our tests. Our populations and tests of virtual education schools and students are summarized as follows:

<u>Programs</u>	<u>Number of Schools</u>		<u>Number of Students at Schools Tested</u>		<u>Students with Exceptions</u>	<u>Recalibrated Unweighted FTE</u>		<u>Proposed Adjustments</u>
	<u>Population</u>	<u>Test</u>	<u>Population</u>	<u>Test</u>		<u>Population</u>	<u>Test</u>	
Basic	5	5	184,385	267	9	27,495.2900	125.8456	(9.1634)
Basic with ESE Services	2	2	223	28	4	177.5300	21.5095	(.2699)
Career Education 9-12	3	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>714.0600</u>	<u>.0000</u>	<u>(.2502)</u>
All Programs	5	5	<u>184,608</u>	<u>295</u>	<u>13</u>	<u>28,386.8800</u>	<u>147.3551</u>	<u>(9.6835)</u>

### Teachers

We also tested teacher qualifications as part of our examination procedures. (See NOTE B.) Specifically, the population of teachers (2,397) consisted of the total number of teachers reported under virtual education schools in our test who taught courses in Basic, Basic with ESE Services, ESE Support Levels 4 and 5, Career Education 9-12, or taught courses to ELL students. From the population of teachers, we selected 157 and found no exceptions.

## **Proposed Adjustments**

Our proposed adjustments present the net effects of noncompliance disclosed by our examination procedures, including those related to our test of teacher qualifications. Our proposed adjustments generally reclassify reported FTE to Basic education, except when students are determined to not meet the eligibility requirements for virtual education programs or when students do not successfully complete courses or the prescribed level of content that counts toward promotion to the next grade in which case the reported FTE is taken to zero. (See *SCHEDULES B, C, and D.*)

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

## SCHEDULE B

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### EFFECT OF PROPOSED ADJUSTMENTS ON WEIGHTED FTE FULL-TIME EQUIVALENT (FTE) STUDENTS

<u>No. Program</u> <sup>1</sup>	<u>Proposed Net Adjustment</u> <sup>2</sup>	<u>Cost Factor</u>	<u>Weighted FTE</u> <sup>3</sup>
101 Basic K-3	(.2502)	1.125	(.2815)
102 Basic 4-8	(3.5097)	1.000	(3.5097)
103 Basic 9-12	(5.4035)	1.011	(5.4629)
112 Grades 4-8 with ESE Services	(.2699)	1.000	(.2699)
300 Career Education 9-12	(.2502)	1.011	(.2530)
Total	<u>(9.6835)</u>		<u>(9.7770)</u>

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<sup>1</sup> See NOTE A7.

<sup>2</sup> These proposed net adjustments are for unweighted FTE. (See *SCHEDULE C*.)

<sup>3</sup> Weighted adjustments to the FTE are presented for illustrative purposes only. The weighted adjustments to the 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 A5.)

# SCHEDULE C

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## PROPOSED ADJUSTMENTS BY SCHOOL FULL-TIME EQUIVALENT (FTE) STUDENTS

<u>No.</u> <u>Program</u>	<u>Schoolwide</u>	<u>Proposed Adjustments</u> <sup>1</sup>		<u>Balance Forward</u>
		<u>#0300</u>	<u>#0400</u>	
101 Basic K-3	.....	.....	.....	.0000
102 Basic 4-8	(1.0008)	(.7027)	.0556	(1.6479)
103 Basic 9-12	(5.4035)	.....	.....	(5.4035)
112 Grades 4-8 with ESE Services	.....	(.2143)	(.0556)	(.2699)
300 Career Education 9-12	<u>(.2502)</u>	<u>.....</u>	<u>.....</u>	<u>(.2502)</u>
Total	<u>(6.6545)</u>	<u>(.9170)</u>	<u>.0000</u>	<u>(7.5715)</u>

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<sup>1</sup> These proposed adjustments are for unweighted FTE. (See NOTE A5.)

<b>No. Program</b>	<b>Brought Forward</b>	<b>Proposed Adjustments<sup>1</sup></b>			<b>Total</b>
		<b>#0500</b>	<b>#0600</b>	<b>#0700</b>	
101 Basic K-3	.0000	.....	.....	(.2502)	(.2502)
102 Basic 4-8	(1.6479)	(1.0278)	(.1668)	(.6672)	(3.5097)
103 Basic 9-12	(5.4035)	.....	.....	.....	(5.4035)
112 Grades 4-8 with ESE Services	(.2699)	.....	.....	.....	(.2699)
300 Career Education 9-12	(.2502)	.....	.....	.....	(.2502)
<b>Total</b>	<b>(7.5715)</b>	<b>(1.0278)</b>	<b>(.1668)</b>	<b>(.9174)</b>	<b>(9.6835)</b>

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<sup>1</sup> These proposed adjustments are for unweighted FTE. (See NOTE A5.)

# SCHEDULE D

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## FINDINGS AND PROPOSED ADJUSTMENTS FULL-TIME EQUIVALENT (FTE) STUDENTS

### Overview

Management is responsible for determining and reporting the number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) in compliance with State requirements. 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 2013-14* issued by the Department of Education. Except for the material noncompliance involving reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently located for students in Basic with ESE Services, the Florida Virtual School complied, in all material respects, with State requirements governing the determination and reporting of the number of FTE students under the FEFP for the fiscal year ended June 30, 2014. All noncompliance disclosed by our examination procedures is discussed below and requires management's attention and action, as recommended on page 13.

### Findings

*Our examination included all four surveys (i.e., the July and October 2013 reporting survey periods and the February and June 2014 reporting survey periods [See NOTE A6]). Our Findings do not mention the specific reporting survey periods unless necessary for a complete understanding of the instances of noncompliance being disclosed.*

**Proposed Net  
Adjustments  
(Unweighted FTE)**

### Schoolwide – Florida Residency

1. [Ref. --] As the Florida Virtual School offers online courses to students residing in the State of Florida and anywhere in the world, determining Florida residency is critical to the accurate reporting of FTE as students who are not Florida residents are charged tuition for courses taken and are not included in the FEFP funding. In our report No. 2012-020, Finding 1, we analyzed student addresses to determine Florida residency for all students reported by Florida Virtual School to the Department of Education for funding through the FEFP and reported that the Florida Virtual School did not always ensure that complete, accurate, and verifiable information was maintained in the students' records that were fundamental to confirming the students' Florida residency and eligibility for funding through the FEFP.

We performed follow-up examination procedures to evaluate the actions taken by Florida Virtual School management related to maintaining adequate documentation to support the students' Florida residency at the time of enrollment and at the time of student credit completions.

**Findings**

**Schoolwide – Florida Residency** (Continued)

Our follow-up examination procedures (based on an analysis of student addresses to determine Florida residency for all students reported to the Department of Education for funding through FEFP for the fiscal year ended June 30, 2014) disclosed that the name of the state associated with the students' addresses was other than Florida (i.e., FL) for 91 students. In addition, for 3 of these students, the state portion of the students' address records contained incomplete data (i.e., no state, city, address, or zip code was provided).

We requested Florida Virtual School management provide documentation to us evidencing Florida residency for the 91 students. From our review of the documentation provided, we determined that:

- a. For 38 students who had enrolled in various schools within the State of Florida, through recalibration, the Florida Virtual School had shared FEFP funding with these other school districts that supported the students' Florida residency.
- b. For 20 students, third-party verification documentation was provided that evidenced the students' Florida residency. (e.g., *Home Education Verification Letters* and *Property Appraiser Reports*).
- c. For 33 students, documentation was provided to support that 18 students' addresses were in Florida but the documentation was inadequate to corroborate that the students were, in fact, Florida residents. For the remaining 15 students, we were not provided any documentation that confirmed Florida residency for these students at the time of enrollment and at the time of FTE student credit completions.

Absent adequate documentation to otherwise confirm Florida residency at the time of enrollment and at the time of FTE student credit completions, we were unable to determine whether the 33 students noted above were eligible for funding through the FEFP. Accordingly, we propose the following adjustment:

102 Basic 4-8	(1.0008)	
103 Basic 9-12	(5.4035)	
300 Career Education 9-12	<u>(.2502)</u>	<u>(6.6545)</u>
		<u>(6.6545)</u>

**Findings**

**Schoolwide – Policies and Procedures**

2. [Ref. --] In our report No. 2012-020, Finding 2, we noted that 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 with the participating parties (i.e., Florida school districts, students, or parents) that defined the documentation to be retained to adequately support the Florida residency of students and confirming the Florida residency of students with Florida school districts on a periodic basis.

The Florida Virtual School provided us with various documents and information to support that its policies and procedures were being updated and revised. Our review of the documents and information provided disclosed that these documents did not clearly define the documentation that the participating parties were expected to retain or that would support the student's Florida residency. Also, the established procedures that had been implemented did not evidence that a process was in place to confirm the Florida residency of students thorough other Florida school districts on a periodic basis.

Absent clearly defined policies and procedures that promote compliance and provide for effective oversight, the Florida Virtual School has limited assurance that all parties involved in this process will administer the policies and procedures to adequately meet the applicable requirements of law for FEFP funding. We are presenting this disclosure Finding with no proposed adjustment.

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**Florida Virtual School Full-Time K-8 (#0300)**

3. [Ref. 30005] The instructional schedules for 17 ESE students (1 student was in our Basic with ESE Services test) were not reported in their entirety. The students were provided Speech Therapy, Language Therapy, or Occupational Therapy services and their IEPs authorized these services; however, the therapies and the associated minutes provided were not included in the students' instructional schedules. Since this exclusion did not specifically affect the overall FEFP funding of the students, we present this disclosure Finding with no proposed adjustment.

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**Findings**

**Florida Virtual School Full-Time K-8 (#0300)** (Continued)

4. [Ref. 30002] Two students (one was in our Basic test and one was in our Basic with ESE Services test) were incorrectly reported for .8340 or 1.0000 FTE in the June 2014 reporting survey. The students were enrolled and received passing grades (i.e., successfully completed the courses) for only the second semester of the 2013-14 school year; thus, the students should have only been reported for .4170 or .5000 FTE in the June 2014 reporting survey period. We propose the following adjustment:

102 Basic 4-8	(.7027)	
112 Grades 4-8 with ESE Services	<u>(.2143)</u>	(.9170)

5. [Ref. 30004] One student in our Basic with ESE Services test was incorrectly reported in Program No. 112 (Grades 4-8 with ESE Services) in the June 2014 reporting survey. The student was dismissed from the ESE Program on September 27, 2013, and should have been reported in Program No. 102 (Basic 4-8). We propose the following adjustment:

102 Basic 4-8	.7506	
112 Grades 4-8 with ESE Services	<u>(.7506)</u>	<u>.0000</u>
		<u>(.9170)</u>

**Florida Virtual School Full-Time 9-12 (#0400)**

6. [Ref. 40001] The file for one ESE student in our Basic with ESE Services test did not contain an IEP covering the October 2013 reporting survey period. The IEP was not available at the time of our examination and could not be subsequently located. We propose the following adjustment:

102 Basic 4-8	.0556	
112 Grades 4-8 with ESE Services	<u>(.0556)</u>	<u>.0000</u>
		<u>.0000</u>

**Florida Virtual School Part-Time 6-8 (#0500)**

7. [Ref. 50001] Documentation to support the Florida residency of four students in our Basic test was not available at the time of our examination and could not be subsequently located. We propose the following adjustment:

102 Basic 4-8	<u>(1.0278)</u>	<u>(1.0278)</u>
		<u>(1.0278)</u>

**Findings**

**Follow-Up to Management’s Response (Ref. 50001):**

*Florida Virtual School management stated in the written response that the School had implemented a Department of Education and School Choice Office-approved home school verification process that was done electronically via a dashboard upon individual District office login through the School’s Virtual School Administrator system. Notwithstanding this response, the purpose of our test was to validate selected students’ Florida residency. For us to validate Florida residency, we requested the School to provide us with specific documentation to support the students’ Florida residency. Since this documentation was not provided, we could not validate that the students were in fact Florida residents at the time of enrollment. Accordingly, our Finding stands as originally presented.*

**Florida Virtual School Part-Time 9-12 (#0600)**

8. [Ref. 60001] Documentation to support the Florida residency of one student in our Basic test was not available at the time of our examination and could not be subsequently located. We propose the following adjustment:

102 Basic 4-8	(.1668)	(.1668)
		(.1668)

**Florida Virtual School Part-Time K-5 (#0700)**

9. [Ref. 70001] One student in our Basic test was not reported for FEFP funding in the February 2013 reporting survey period; therefore, the student did not meet the eligibility criteria for placement in a virtual education program for the 2013-14 school year. We propose the following adjustment:

101 Basic K-3	(.2502)	(.2502)
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10. [Ref. 70002] Two students in our Basic test were not enrolled in a Florida public school in the 2012-13 school year; therefore, the students did not meet the eligibility criteria for placement in a virtual education program for the 2013-14 school year. We propose the following adjustment:

102 Basic 4-8	(.6672)	(.6672)
		(.9174)

<b>Proposed Net Adjustment</b>		<b><u>(9.6835)</u></b>
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# SCHEDULE E

## RECOMMENDATIONS AND REGULATORY CITATIONS FULL-TIME EQUIVALENT (FTE) STUDENTS

### RECOMMENDATIONS

We recommend that Florida Virtual School management exercise more care and take corrective action, as appropriate, to ensure that: (1) documentation is maintained to support the Florida residency of students reported for FEFP funding; (2) policies and procedures are further enhanced to clearly define the documentation that the participating parties were expected to retain and to ensure periodic confirmation of Florida residency prior to reporting students for FEFP funding; (3) students' instructional schedules are reported in the proper FEFP funding categories for the correct amount of FTE and documentation is on file to support that reporting; (4) students' instructional schedules are reported in their entirety inclusive of all courses taken; (5) IEPs are timely prepared for students reported in ESE Programs; and (6) students meet the eligibility criteria prior to enrollment in a virtual education program.

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 the determination and reporting of the number of FTE students under the FEFP.

### REGULATORY CITATIONS

#### **Reporting**

- Section 1007.271(21), FS ..... Dual Enrollment Programs
  - Section 1011.60, FS ..... Minimum Requirements of the Florida Education Finance Program
  - Section 1011.61, FS ..... Definitions
  - Section 1011.62, FS ..... Funds for Operation of Schools
  - Rule 6A-1.0451, FAC ..... Florida Education Finance Program Student Membership Surveys
  - Rule 6A-1.04513, FAC ..... Maintaining Auditable FTE Records
- FTE General Instructions 2013-14*

#### **Attendance**

- Section 1003.23, FS ..... Attendance Records and Reports
  - Rules 6A-1.044(3) and (6)(c), FAC ..... Pupil Attendance Records
  - Rule 6A-1.04513, FAC ..... Maintaining Auditable FTE Records
- FTE General Instructions 2013-14*
- Florida Department of Education Comprehensive Management Information System: Automated Student Attendance Recordkeeping System Handbook*

**Career Education On-the-Job Attendance**

Rule 6A-1.044(6)(c), FAC ..... Pupil Attendance Records

**Career Education On-the-Job Funding Hours**

Rule 6A-6.055(3), FAC ..... Definitions of Terms Used in Vocational Education and Adult Programs

*FTE General Instructions 2013-14*

**Exceptional Education**

Section 1003.57, FS ..... Exceptional Students Instruction

Section 1011.62, FS ..... Funds for Operation of Schools

Section 1011.62(1)(e), FS ..... Funding Model for Exceptional Student Education Programs

Rule 6A-6.03028, FAC ..... Provision of Free Appropriate Public Education (FAPE) and Development of Individual Educational Plans for Students with Disabilities

Rule 6A-6.03029, FAC ..... Development of Individualized Family Support Plans for Children with Disabilities Ages Birth Through Five Years

Rule 6A-6.0312, FAC ..... Course Modifications for Exceptional Students

Rule 6A-6.0331, FAC ..... General Education Intervention Procedures, Evaluation, Determination of Eligibility, Reevaluation and the Provision of Exceptional Student Education Services

Rule 6A-6.0334, FAC ..... Individual Educational Plans (IEPs) and Educational Plans (EPs) for Transferring Exceptional Students

Rule 6A-6.03411, FAC ..... Definitions, ESE Policies and Procedures, and ESE Administrators

Rule 6A-6.0361, FAC ..... Contractual Agreement with Nonpublic Schools and Residential Facilities

*Matrix of Services Handbook (2012 Revised Edition)*

**Educational Choice**

Section 1002.37, FS ..... The Florida Virtual School

**Teacher Certification**

Section 1012.42(2), FS ..... Teacher Teaching Out-of-Field; Notification Requirements

Section 1012.55, FS ..... Positions for Which Certificates Required

Rule 6A-1.0502, FAC ..... Non-certificated Instructional Personnel

Rule 6A-1.0503, FAC ..... Definition of Qualified Instructional Personnel

Rule 6A-4.001, FAC ..... Instructional Personnel Certification

Rule 6A-6.0907, FAC ..... Inservice Requirements for Personnel of Limited English Proficient Students

**Virtual Education**

- Section 1002.321, FS ..... Digital Learning
- Section 1002.37, FS ..... The Florida Virtual School
- Section 1002.45, FS ..... Virtual Instruction Programs
- Section 1002.455, FS ..... Student Eligibility for K-12 Virtual Instruction
- Section 1003.498, FS ..... School District Virtual Course Offerings

**Charter Schools**

- Section 1002.33, FS ..... Charter Schools

## NOTES TO SCHEDULES

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<b>NOTE A – SUMMARY FULL-TIME EQUIVALENT (FTE) STUDENTS</b>
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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(1)(a), FS, to develop and deliver online and distance learning education. The Florida Virtual School's mission as stated in Section 1002.37(1)(b), FS, 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 and also meets eligibility criteria for participation in a virtual education program. The Commissioner of Education shall monitor and report the Florida Virtual School's performance to the State Board of Education and the Legislature.

Section 1002.37(2), FS, provides that the Florida Virtual School is to be governed by a Board of Trustees (Board), composed of seven members appointed by the Governor to 4-year staggered terms. The executive officer of the Board is the appointed President and Chief Executive Officer.

For the fiscal year ended June 30, 2014, the Florida Virtual School operated five virtual education schools serving kindergarten through twelfth-grade students, reported 28,386.88 unweighted FTE as recalibrated for those students, and received approximately \$149.1 million in State funding through the FEFP.

### **2. Florida Education Finance Program (FEFP)**

Florida school districts receive State funding through the FEFP to serve prekindergarten through twelfth-grade students (adult education is not funded by the FEFP). The FEFP was established by the Florida Legislature in 1973 to guarantee to each student in the Florida public school system, including charter schools, the availability of programs and services appropriate to the student's educational needs that 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.

### **3. Full-Time Equivalent (FTE) Students**

The funding provided by the FEFP is based upon the numbers of individual students participating in particular educational programs. The Florida Virtual School is funded through the FEFP as a special district. 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 the FEFP. For virtual education students, one student would be reported as one FTE if the student has successfully completed six courses or credits or the prescribed level of content that counts toward promotion to the next grade. 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.

#### **4. Recalibration of FTE to 1.0**

For the 2013-14 school year and beyond, all student FTE enrollment is capped at 1.0 FTE except for the FTE earned by the Department of Juvenile Justice (DJJ) students beyond the 180-day school year. School districts report all FTE student enrollment regardless of the 1.0 FTE cap. The Department of Education combines all FTE enrollment reported for the student by all school districts, including the Florida Virtual School (FLVS) Part-Time Program, using a common student identifier. The Department of Education then recalibrates all reported FTE student enrollment for each student to 1.0 FTE, if the total reported FTE for the student exceeds 1.0 FTE. The FTE reported for extended school year periods and DJJ FTE enrollment earned beyond the 180-day school year is not included in the recalibration to 1.0 FTE.

#### **5. 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.

For the Florida Virtual School Part-Time, to receive funding, students must successfully complete Florida Virtual School courses. Course completions may be reported during the regular 180-day school year and during the Summer. Fundable FTE may be earned and reported in student surveys 1, 2, 3, and 4. The FTE should be reported for funding in the survey that corresponds with the period during which the student successfully completed the course.

For the Florida Virtual School Full-Time, to receive funding, students must successfully complete Florida Virtual School courses. Courses taken by students enrolled in the Florida Virtual School shall be reported with the appropriate FEFP Program Number in student surveys 2 and 3, with the FTE reported as 0.0000. All virtual courses attempted should be reported in student survey 4 but the courses reported for FTE greater than 0.0000 should only be reported for those courses in which the student had successful completions.

#### **6. FTE Reporting Survey Periods**

The FTE is determined and reported during the school year by means of four FTE membership survey periods that are conducted under the direction of district and school management. Each survey period is a testing of the FTE membership for a period of one week. The survey periods for the 2013-14 school year were conducted during and for the following weeks: survey period one was performed for July 8 through 12, 2013; survey period two was performed for October 14 through 18, 2013; survey period three was performed for February 10 through 14, 2014; and survey period four was performed for June 16 through 20, 2014.

## 7. Educational Programs

The 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 2013-14 school year, the Florida Virtual School provided instruction in Basic, Basic with ESE Services, and Career Education 9-12 Programs.

## 8. Statutes and Rules

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

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

<b>NOTE B – TESTING FULL-TIME EQUIVALENT (FTE) STUDENTS</b>
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Our examination procedures for testing provided for the selection of schools, students, and teachers using judgmental methods for testing the FTE reported to the Department of Education for the fiscal year ended June 30, 2014. Our testing process was designed to facilitate the performance of appropriate examination procedures to test the Florida Virtual School's compliance with State requirements governing the determination and reporting of FTE students under the FEFP. The following virtual education schools were selected for testing:

<u>Virtual Education Schools</u>	<u>Findings</u>
Schoolwide – Florida Residency	1
Schoolwide – Policies and Procedures	2
1. Florida Virtual School Full-Time K-8	3 through 5
2. Florida Virtual School Full-Time 9-12	6
3. Florida Virtual School Part-Time 6-8	7
4. Florida Virtual School Part-Time 9-12	8
5. Florida Virtual School Part-Time K-5	9 and 10

# MANAGEMENT'S RESPONSE

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December 14, 2015

Ms. Sherrill F. Norman, CPA  
Auditor General,  
State of Florida  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Re: 2013-2014 FTE Audit Response to Preliminary and Tentative Report

Dear Ms. Norman,

Thank you for the opportunity to respond to the preliminary and tentative examination findings and recommendations for the Florida Virtual School FEFP FTE Audit performed for the 2013-2014 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 do not hesitate to contact me if you have additional questions or concerns.

Best regards,

A handwritten signature in blue ink, appearing to read "R. Blocker", with a long horizontal flourish extending to the right.

Ronald Blocker  
President/CEO, Florida Virtual School

## 2013-2014 FTE FEFP Audit Official Response to Audit Findings (Schedule D)

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### **Schoolwide Florida Residency (Ref. Finding 1)**

In response to the FTE Adjustment for the 33 students where adequate documentation was not provided to corroborate Florida residency, FLVS concurs with the audit finding. In addition, FLVS created a job description for a registrar that will report to the Enrollment Manager that will help ensure that students are only placed after proof of residency is established.

### **Schoolwide Policies and Procedures (Ref. Finding 2)**

FLVS has made extensive improvements to data verification and approval processes to verify Florida residency since the previous audit findings of 2009-2010. In addition, FLVS will utilize the newly created registrar position to ensure data accuracy, review and update Standard Operating Procedure documentation (i.e.; Verifying Residency during Registration and Issuing a Final Grade) to ensure policies and procedures are clearly stated, and will work across the organization to improve the Home School Verification process by creating a Notice of Intent form that will be completed by the parent/guardian for all home school students.

### **Florida Virtual School Full-Time K-8 (#0300)**

In response to the findings for the students misreported for ESE services in School 0300, FLVS cites the following with the findings.

#3. Instructional schedules response for 17 ESE students (Ref. 30005): The most recent guidance the Florida Department of Education (FLDOE) provided FLVS supports the current procedure of no requirement to code the related services according to the course code directory since we do not schedule students through these areas. These are not courses or classes that are necessary to include in student schedules as in a typical brick and mortar setting. FLVS does not directly provide these services to students in our schools. Third party contracted service providers are utilized for these services and our families work out their own schedule with the providers. These areas do not alone generate any ESE funding as they are supportive services that are provided as required to assist a child with a disability to benefit from special education. However, moving forward for the 16-17 school year, FLVS will ensure that related services are, in fact, coded on student schedules since this is a reoccurring concern. The ESE Administrator will create a procedure for all of the full time schools to follow to include course codes for all related services/therapies.

#4. Two students reported for full funding, but only enrolled for one semester response (Ref.30002): FLVS can provide FTE reporting records that show in progress data was submitted for both students in survey 2 and survey 3, therefore the student was enrolled in both semesters. However, since the students' transcripts only reflect one semester of enrollment, FLVS concurs with this finding.

#5. One Student reported for ESE funding but was dismissed from ESE program response (Ref. 30004): FLVS concurs with the audit finding.

#### **Florida Virtual School Full-Time 9-12 (#0400)**

In response to the findings for the student misreported for ESE services in School 0400, FLVS cites the following with the finding.

#6. One student without proper ESE documentation response (Ref. 40001): FLVS concurs with this finding.

#### **Florida Virtual School Part-Time 6-8 (#0500)**

In response to the findings for the students with inadequate Florida residency documentation in School 0500, FLVS cites the following with the finding.

#7. Three students with inadequate Florida residency documentation response (Ref. 50001): Though the Auditor General's office deemed supporting documentation unacceptable, FLVS disputes this finding. FLVS implemented a Department of Education and School Choice Office approved home school verification process that was done electronically via a dashboard upon individual district office login through our VSA (Virtual School Administrator) system. FLVS feels it received the necessary approvals from the DOE to implement the system change and therefore feels the verification done by the student's home district should suffice for Florida residency, as that was the approved process for the 2013-2014 school year. One student with inadequate Florida residency documentation at a Private School, FLVS concurs with this finding.

#### **Florida Virtual School Part-Time 9-12 (#0600)**

In response to the findings for the students with inadequate Florida residency documentation in School 0600, FLVS cites the following with the findings.

#8. One student with inadequate Florida residency documentation response (Ref. 60001): FLVS concurs with this finding.

#### **Florida Virtual School Part-Time K-5 (#0700)**

In response to the findings for the students with inadequate eligibility requirements in School 0700, FLVS cites the following with the findings.

#9. One student with inadequate eligibility response (Ref. 70001): FLVS concurs with this finding.

#10. Two students with inadequate eligibility response (Ref. 70002): FLVS concurs with this finding.