

**REVIEW OF
DISTRICT SCHOOL BOARD,
CHARTER SCHOOL, AND
CHARTER TECHNICAL CAREER CENTER
AUDIT REPORTS FOR THE
FISCAL YEAR ENDED JUNE 30, 2016**

Pursuant to Section 11.45(7)(b), Florida Statutes



Sherrill F. Norman, CPA
Auditor General

The team leader was Brian J. Hartsfield, CPA, and the review was supervised by Derek H. Noonan, CPA.

Please address inquiries regarding this report to Michael J. Gomez, CPA, Audit Manager, by e-mail at mikegomez@aud.state.fl.us or by telephone at (850) 412-2881.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

REVIEW OF DISTRICT SCHOOL BOARD, CHARTER SCHOOL, AND CHARTER TECHNICAL CAREER CENTER AUDIT REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SUMMARY

State law¹ requires all charter schools and charter technical career centers (hereafter collectively referred to as charter schools) and certain district school boards to provide for annual financial audits conducted by independent certified public accountants (CPAs). Audit reports are required to be submitted to us within 45 days after delivery of the audit report to the charter school or district school board's governing body, but no later than 9 months after the end of the fiscal year.²

During the fiscal year ended June 30, 2016, there were 67 district school boards and 646 charter schools in operation in the State of Florida. Pursuant to State law,³ we reviewed the 2015-16 fiscal year audit reports received through May 31, 2017, including audit reports for 20 district school boards⁴ and 631 charter schools, and determined that the information was generally presented in accordance with generally accepted accounting principles (GAAP) and the audit reports generally complied with generally accepted government auditing standards (GAGAS) and Rules of the Auditor General.⁵ However, we noted the following instances in which audit reports were not submitted, not submitted timely, or not prepared in accordance with all applicable requirements:

Finding 1: Fifteen charter schools, including 10 that closed or merged during or subsequent to the 2015-16 fiscal year, did not submit audit reports to us. Additionally, although the audit reports for all 20 district school boards and 631 charter schools were submitted to us by the March 31, 2017, deadline, the reports for 3 district school boards and 39 charter schools were not submitted within 45 days of the audit report delivery to the entity's governing body.

Finding 2: Our completeness reviews of the audit reports disclosed instances of noncompliance with certain requirements, primarily related to the independent auditor's reports and financial statement note disclosures.

Finding 3: Our comprehensive reviews of 20 district school board audit reports and selected charter school audit reports disclosed certain instances of noncompliance with GAAP, GAGAS, and Federal Uniform Guidance⁶ requirements.

¹ Section 218.39(1), Florida Statutes.

² Section 218.39(7), Florida Statutes.

³ Section 11.45(7)(b), Florida Statutes.

⁴ Of the 67 district school boards, 20 were subject to 2015-16 fiscal year financial audits conducted by CPAs other than the Auditor General.

⁵ Chapters 10.800 and 10.850, Rules of the Auditor General.

⁶ Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

BACKGROUND

State Law⁷ requires annual financial audits of each charter school and charter technical career centers (hereafter collectively referred to as charter schools) and district school board. State law⁸ defines a financial audit as an examination of financial statements in order to express an opinion on the fairness with which the statements are presented in conformity with generally accepted accounting principles (GAAP) and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements. Financial audits must be conducted in accordance with auditing standards generally accepted in the United States and generally accepted government auditing standards (*Government Auditing Standards* issued by the Comptroller General of the United States).⁹

State law establishes several requirements that independent certified public accountants (CPAs) must follow when conducting financial audits of charter schools and district school boards. For example, the CPAs performing these financial audits must:

- Prepare a management letter that is included as a part of the financial audit report.¹⁰
- Discuss with the appropriate entity officer(s) all findings that will be included in the financial audit report.¹¹
- Conduct the audits in accordance with the Rules of the Auditor General.¹²

Additionally, State law¹³ requires the appropriate entity officer to provide a written statement of explanation or rebuttal concerning the audit findings, including corrective action to be taken. The officer's written statement is to be filed with the entity's governing body within 30 days after the delivery of the findings.

To assist auditors in complying with the requirements of generally accepted government auditing standards (GAGAS), and applicable laws, rules, and regulations, and pursuant to State law,¹⁴ we developed rules¹⁵ and audit report review guidelines that provide, among other things, procedural guidance for CPAs to follow to ensure compliance with financial audit requirements. These rules require that the scope of a financial audit include: an examination of the financial statements in order to express an opinion on them; an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements; an examination of any additional financial information necessary to comply with GAAP; and, when applicable, the additional activities necessary to determine compliance with Federal Uniform Guidance. The rules were adopted in consultation with the Board of Accountancy and the rules and guidelines are made available on our Web site.

⁷ Sections 11.45(2)(d) and 218.39(1), Florida Statutes.

⁸ Section 218.31(17), Florida Statutes.

⁹ *Government Auditing Standards* incorporate by reference the auditing standards generally accepted in the United States (i.e., *American Institute of Certified Public Accountants Statements on Auditing Standards*).

¹⁰ Section 218.39(4), Florida Statutes.

¹¹ Section 218.39(5), Florida Statutes.

¹² Section 218.39(7), Florida Statutes.

¹³ Section 218.39(6), Florida Statutes.

¹⁴ Section 11.45(8), Florida Statutes.

¹⁵ Chapters 10.800 and 10.850, Rules of the Auditor General.

FINDINGS AND RECOMMENDATIONS

Finding 1: Noncompliance – Audit Report Submission Requirements

State law¹⁶ requires the district school board or charter school to submit to us the audit report and a written response to any report or management letter findings within 45 days after delivery of the audit report to the entity's governing body, but no later than 9 months after the end of the fiscal year. For the 2015-16 fiscal year, 20 district school boards and 646 charter schools were required to submit financial audit reports to us. Table 1 quantifies, as of May 31, 2017, the number of district school boards and charter schools that did not comply with the audit report submission requirements for the 2015-16 fiscal year.

**Table 1
Noncompliance with Audit Report
Submission Requirements**

Description of Noncompliance	District School Boards	Charter Schools
Audit required, but report not submitted	-	15
Audit report submitted more than 45 days after the report was delivered to the entity's governing body	3	39

Regarding the noncompliance shown in Table 1:

- Fifteen of the 646 charter schools in operation during the 2015-16 fiscal year did not submit the required audit report to us. Of these 15 charter schools, 10 closed or merged during or subsequent to the 2015-16 fiscal year. A listing of the 15 charter schools is included as **EXHIBIT A** to this report.
- Although audit reports for all 20 district school boards and 631 charter schools were submitted to us by the March 31, 2017, deadline, the reports for 3 district school boards and 39 charter schools were submitted 53 to 166 days after the delivery of the audit report to the entity's governing body. A listing of these district school boards and charter schools is included as **EXHIBIT B** to this report.

District school boards and charter schools that fail to provide for financial audits may be subject to consequences prescribed by State law.¹⁷ Timely audits are necessary to ensure that management and those charged with governance are promptly informed of control deficiencies and financial-related noncompliance. Additionally, timely filed audit reports provide for timely review by appropriate Federal and State oversight agencies.

Recommendation: Management of the district school boards and charter schools should ensure that audits are timely completed and audit reports are submitted in accordance with State law.

¹⁶ Section 218.39(7), Florida Statutes.

¹⁷ Section 11.40(2), Florida Statutes.

Finding 2: Completeness Reviews

We performed completeness reviews of all 20 district school board and 631 charter school audit reports submitted to us as of May 31, 2017, to determine whether the audit reports included the financial statements, note disclosures, reports, and other items required by GAAP and the Rules of the Auditor General, and the extent to which the audit reports complied, for selected significant matters, with GAAP, GAGAS, and Rules of the Auditor General. State law¹⁸ requires us to request from the district school boards and charter schools any significant items omitted from audit reports. The district school boards and charter schools are to provide us with the requested items no later than 45 days after the date of our request.

Most of the audit reports subjected to our completeness reviews included audited financial statements and the required notes thereto, the required independent auditor's reports on the financial statements and on internal control over financial reporting and compliance (compliance report), and the independent accountant's report of district school board compliance with the investment requirements in State law, as applicable. Additionally, most of the reports we reviewed were generally presented in accordance with GAAP, GAGAS, and Rules of the Auditor General. However, we noted certain instances of noncompliance, many of which related to independent auditor's reports and financial statement note disclosures. For example:

- Independent auditor's reports on the financial statements for 41 (52 percent) of the 79 applicable charter school audit reports reviewed did not address the auditor's responsibility for supplementary information presented.
- The independent auditor's opinions on the audited financial statements for 155 (26 percent) of the 604 applicable charter school audit reports reviewed did not correctly identify the individual opinion units upon which the auditor was opining.
- Financial statement note disclosures for 122 (20 percent) of the 597 applicable charter school audit reports reviewed did not disclose whether the amounts of settlements exceeded insurance coverage for each of the past 3 years and, if applicable, the excess amounts.

EXHIBIT C to this report provides, by entity type, a summary of the deficiencies disclosed by our completeness reviews along with comparative prior year information.

We also sent letters to 3 district school boards and 19 charter schools requesting significant items that had been omitted from the audit reports and concurrently provided copies of the request letters to the respective entity auditors. Most of the items requested related to management letters that lacked, or contained incorrect, statements of the corrective action taken to address findings and recommendations in the preceding audit report and missing independent accountant's reports of district school board compliance with the investment requirements in State law.¹⁹

External parties rely on audits to provide independent assessments of the accuracy and completeness of the financial statements, as well as to provide a means for evaluating the effectiveness of an entity's internal controls and the extent to which an entity has complied with applicable laws, rules, regulations, contractual requirements, and bond covenants. Accordingly, it is important that the various components

¹⁸ Section 11.45(7)(b), Florida Statutes.

¹⁹ Section 218.415, Florida Statutes.

of the audit report, such as the independent auditor's reports and management letter, financial statements, and notes to financial statements, be presented in accordance with GAAP, GAGAS, and Rules of the Auditor General so that the reader can form appropriate conclusions related to the audited entity.

Recommendation: District school boards, charter schools, and their auditors should ensure that audit reports contain all the required information presented in accordance with the applicable requirements.

Finding 3: Comprehensive Reviews

In addition to completeness reviews, we performed comprehensive reviews of selected audit reports for the 2015-16 fiscal year and noted certain errors and deficiencies. Specifically, we reviewed:

- Eighty (20 district school board and 60 charter school) audit reports to determine the extent of compliance, on a comprehensive basis, with GAAP, GAGAS, and Rules of the Auditor General, and noted deficiencies pertaining to the auditor's report on the financial statements, financial statements, and note disclosures (other than pension plan and other postemployment benefit plan disclosures), and required supplementary information (RSI).

For example, the financial statements for 6 (30 percent) of the 20 district school board audit reports and 5 (8 percent) of the 60 charter school audit reports contained significant mathematical errors not related to rounding. As a result of these errors, we noted balance sheets that did not balance and inconsistencies within entity financial statements. Additionally, for 9 (50 percent) of the 18 applicable charter school audit reports we reviewed, the notes to the financial statements did not disclose that the government-wide financial statements reported only nonfiduciary activities and that fiduciary activities were reported only in the fund financial statements.

- Fifty (20 district school board and 30 charter school) audit reports with pension plan note disclosures to determine the extent of compliance with GAAP and noted some deficiencies. For example, 4 (15 percent) of the 26 applicable charter school reports we reviewed did not include one or more required disclosures of pension-related deferred inflows and outflows of resources. In addition, the defined contribution plan note disclosures in 3 (16 percent) of the 19 applicable district school board audit reports and 9 (64 percent) of the 14 applicable charter school audit reports we reviewed did not disclose the pension expense amount recognized by the employer.
- Twenty-six (20 district school board and 6 charter school) audit reports with other postemployment benefit (OPEB) plan note disclosures and RSI to determine the extent of compliance with GAAP and noted that the notes in 6 (30 percent) of the 20 district school board audit reports and all 6 applicable charter school audit reports (100 percent) did not disclose the amounts of required plan member contributions.
- Thirty (20 district school board and 10 charter school) audit reports to determine the extent of compliance with Federal Uniform Guidance reporting requirements. Rules of the Auditor General²⁰ require, when applicable, the scope of a financial audit to encompass the additional activities necessary to establish compliance with Federal Uniform Guidance. Our reviews disclosed that the schedule of expenditures of Federal awards for 8 (100 percent) of the 8 applicable charter school audit reports did not provide the name of the pass-through entity or the identifying number assigned by the pass-through entity.

²⁰ Sections 10.805(5) and 10.855(10), Rules of the Auditor General.

EXHIBIT D to this report provides a summary, by entity type, of the deficiencies disclosed by our comprehensive reviews. Because of the limited number of reports reviewed for each entity type, **EXHIBIT D** does not present comparative prior year information.

Recommendation: Management of district school boards and charter schools should ensure that financial statements are mathematically correct and that note disclosures and RSI, including pension plan and OPEB plan disclosures, are presented in accordance with GAAP. We also recommend that charter school management ensure that all required information is reported on the schedule of expenditures of Federal awards in accordance with Federal requirements.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this project were to determine whether the district school board and charter school audit reports submitted to us for our review:

- Complied with generally accepted governmental auditing standards (GAGAS), generally accepted accounting principles (GAAP), and Auditor General Rules.²¹
- Were prepared by independent certified public accountants (CPAs) properly licensed by the Florida Board of Accountancy.

The scope of this project included a review of the financial audit reports prepared by independent CPAs and submitted to us as of May 31, 2017, for 20 district school boards and 631 charter schools for the fiscal year ended June 30, 2016.

Our review of the audit reports was conducted in accordance with applicable GAGAS. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

Our review was necessarily limited to the contents of the audit reports submitted to us and did not extend to an examination of the CPAs' working papers or a determination of whether the auditors followed all GAGAS in the actual conduct of the audits. Because our review was limited to the contents of the audit reports provided to us, the review cannot be used as the basis for determining the extent of an entity's compliance with applicable laws, rules, regulations, charters, contractual requirements, or bond covenants. Likewise, our review would not disclose whether the auditor reported all instances of noncompliance or reportable internal control deficiencies noted during the audit, or whether certain required financial disclosures were completely omitted from the audit report.

To assist with the conduct of our review, we established a completeness review checklist and various comprehensive review checklists with evaluation criteria from our rules and report review guidelines (as discussed in the **BACKGROUND** section of this report). Due to the number of reports included in this review, we applied the comprehensive review checklists to selected district school board and charter school audit reports. Specifically, we completed:

²¹ Chapters 10.800 and 10.850, Rules of the Auditor General.

- Completeness review checklists for all 20 district school board and 631 charter school audit reports received by us through May 31, 2017.
- Comprehensive review checklists for:
 - The financial statements for the 20 district school board and 60 selected charter school audit reports.
 - Financial statement note disclosures (other than pension plan and other postemployment benefit (OPEB) plan disclosures) for the 20 district school board and 60 selected charter school audit reports.
 - Pension plan note disclosures for the 20 district school board audit reports and 30 selected charter school audit reports.
 - OPEB plan note disclosures for all 20 district school board audit reports and the 6 applicable charter school audit reports received by us through May 31, 2017.
 - Federal Uniform Guidance reporting requirements for all 20 district school board audit reports and the 10 applicable charter school audit reports received by us through May 31, 2017.

AUTHORITY

Section 11.45(7)(b), Florida Statutes, requires the Auditor General to review, in consultation with the Florida Board of Accountancy, all district school board, charter school, and charter technical career center financial audit reports prepared by independent certified public accountants (CPAs) and submitted pursuant to Section 218.39, Florida Statutes. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our review of district school board, charter school, and charter technical career center audit reports prepared by independent CPAs for the fiscal year ended June 30, 2016.



Sherrill F. Norman, CPA
Auditor General

EXHIBIT A

CHARTER SCHOOL 2015-16 FISCAL YEAR AUDIT REPORTS NOT RECEIVED AS OF MAY 31, 2017

Charter School

1	ABLE School ^a
2	Bonita Springs Preparatory and Fitness Academy
3	Cape Coral Preparatory and Fitness Academy
4	Chautauqua Learn and Serve at The Arc of Walton County ^a
5	East Windsor Middle Academy ^a
6	First Coast Technical College ^a
7	Fort Myers Preparatory and Fitness Academy
8	Igeneration Empowerment Academy of Broward County ^a
9	Kid's Community College Middle Charter School ^a
10	Palm Pointe Educational Research School at Tradition
11	Pathways Academy K-8 Center
12	St. Paul School of Excellence ^a
13	The Richardson Montessori Academy ^a
14	Windsor Preparatory Academy ^a
15	Woodville Middle School of Leadership Through History and Civics ^a

^a School closed or merged during or subsequent to the 2015-16 fiscal year (a total of 10 charter schools).

EXHIBIT B

DISTRICT SCHOOL BOARD AND CHARTER SCHOOL 2015-16 FISCAL YEAR AUDIT REPORTS SUBMITTED MORE THAN 45 DAYS AFTER REPORT WAS DELIVERED TO THE ENTITY'S GOVERNING BODY

District School Board		Number of Days Audit Report	
		Submitted After Delivery to Entity's Governing Body	Submitted Late
1	Escambia County District School Board	61	16
2	Pinellas County District School Board	62	17
3	Volusia County District School Board	63	18
Charter School			
1	Academir Charter School Middle	133	88
2	Academir Charter School West	133	88
3	Academir Preparatory Academy	133	88
4	Alpha Charter School of Excellence	98	53
5	Alpha International Academy	111	66
6	Ami Kids Crossroads	125	80
7	Boca Raton Charter School	68	23
8	Broward Community Charter School West	68	23
9	Discovery Middle Charter School	68	23
10	Eagle Arts Academy	60	15
11	Eagles' Nest Elementary Charter School	68	23
12	Eagles' Nest Middle Charter School	68	23
13	Ed Venture Charter School	68	23
14	Everglades Preparatory Academy - Palm Beach	68	23
15	Excelsior Charter Academy	133	88
16	Excelsior Language Academy of Hialeah	133	88
17	Florida Futures Academy North Campus	166	121
18	Francis Marion Military Academy	119	74
19	Glades Academy Elementary School	68	23
20	Henry McNeal Turner Learning Academy	68	23
21	Island Village Montessori Charter School	68	23
22	Key West Montessori Charter School	60	15
23	Lakeside Academy	53	8
24	New Dimensions High School	64	19
25	New Life Charter Academy	68	23
26	Ocali Charter Middle School	166	121
27	Panacea Prep Charter School	68	23

Charter School (continued)	Number of Days Audit Report	
	Submitted After Delivery to Entity's Governing Body	Submitted Late
28 Pinellas Preparatory Academy	165	120
29 Pinellas Primary Academy Charter School	150	105
30 RAMZ Academy K-5 School - Miami Campus	133	88
31 Richard Allen Leadership Academy	139	94
32 Rise Academy School of Science and Technology	68	23
33 Riviera Beach Maritime Academy	68	23
34 S.O.C.K. Outstanding Students (S.O.S.) Academy	57	12
35 St. Johns Community Campus Charter School	122	77
36 Stellar Leadership Academy	135	90
37 Suncoast School for Innovative Studies	68	23
38 Therapeutic Learning Center Charter School	122	77
39 Toussaint L'Ouverture High School for Arts and Social Justice	68	23

42 Total Number of Audit Reports Not Submitted Within 45 Days After the Report was Delivered to the Entity's Governing Body (Reports were Submitted by March 31, 2017)

EXHIBIT C

SUMMARY OF DEFICIENCIES NOTED DURING COMPLETENESS REVIEWS OF 2015-16 FISCAL YEAR AUDIT REPORTS

Description of Deficiencies	District School Board Audit Reports ^a				Charter School Audit Reports ^b			
	Number of Reports to Which Criteria Applied	Number of Reports with Deficiencies	Percent	Prior Fiscal Year Percent	Number of Reports to Which Criteria Applied	Number of Reports with Deficiencies	Percent	Prior Fiscal Year Percent
Auditor's Report on the Financial Statements:								
The opinion on the financial statements did not correctly identify the individual opinion units upon which the auditor was opining.	20	-	-	-	604	155	26	27
Introductory paragraph of the report did not correctly identify the individual opinion units.	20	-	-	-	604	159	26	27
The report did not disclose the auditor's responsibility for supplementary information that was presented.	20	-	-	-	79	41	52	50
Management Letter:								
The letter did not disclose whether or not corrective action was taken to address significant findings and recommendations in the preceding audit report.	12	-	-	-	105	9	9	-
Notes to Financial Statements:								
The notes did not describe the types of transactions included in program revenues.	20	-	-	-	595	46	8	7
The notes did not disclose whether the amounts of settlements exceeded insurance coverage for each of the past 3 years and, if applicable, the excess amounts.	20	1	5	-	597	122	20	23
The notes did not describe the principal purposes of interfund transfers.	20	-	-	-	264	23	9	8
The notes did not disclose the purposes for interfund balances.	20	1	5	-	307	23	7	9
The notes did not disclose required information regarding a defined contribution pension plan, such as disclosing the plan administrator.	19	1	5	-	81	8	10	-
The notes did not agree with the totals on the financial statements for schedules other than capital assets and long-term liabilities.	20	3	15	-	529	68	13	-
The notes did not identify the governmental funds typically used to liquidate long-term liabilities.	20	-	-	-	112	39	35	15
The notes did not disclose that the fiduciary funds are reported on the accrual basis of accounting.	20	3	15	-	157	71	45	45
The notes did not include a description of the activities accounted for in the columns of the financial statements.	20	-	-	-	600	55	9	-
Independent Accountant's Report:								
The audit report excluded an opinion of whether the district school board complied with investment provisions of Section 218.415, Florida Statutes.	20	3	15	25	NA	NA	NA	NA

^a A total of 20 district school board audit reports were subjected to our completeness reviews.

^b A total of 631 charter school audit reports were subjected to our completeness reviews.

NA Criterion not applicable to charter schools.

EXHIBIT D

SUMMARY OF DEFICIENCIES NOTED DURING COMPREHENSIVE REVIEWS OF 2015-16 FISCAL YEAR AUDIT REPORTS

Description of Deficiencies	District School Board Audit Reports ^a			Charter School Audit Reports ^a		
	Number of Reports to Which Criteria Applied	Number of Reports with Deficiencies	Percent	Number of Reports to Which Criteria Applied	Number of Reports with Deficiencies	Percent
Auditor's Report on the Financial Statements: The auditor's report did not include a statement that the audit was conducted in accordance with Government Auditing Standards issued by the Comptroller of the United States.	20	-	-	58	3	5
Financial Statements: Financial statements contained significant mathematical errors (not related to rounding).	20	6	30	60	5	8
Notes to Financial Statements (Other than Pension Plan and Other Postemployment Benefit (OPEB) Plan Disclosures): The notes did not disclose that the government-wide financial statements reported only nonfiduciary activities and that fiduciary activities are reported only in the fund financial statements.	20	-	-	18	9	50
Pension Plan Disclosures: The notes did not disclose a schedule of the net amount of deferred inflows or deferred outflows of resources to be recognized as future period pension expense for each of the subsequent 5 years and in aggregate thereafter for the defined benefit pension plan.	20	-	-	26	4	15
The notes did not disclose the assumed asset allocation of the defined benefit plan's investment portfolio.	20	-	-	26	4	15
The notes did not disclose the defined contribution pension expense amount recognized by the employer.	19	3	16	14	9	64
OPEB Plan Financial Statement Note Disclosures: The notes did not disclose required contributions of plan members, either as a rate per member or a percentage of covered payroll.	20	6	30	6	6	100
Federal Awards: The schedule of expenditures of Federal awards did not include the name of the pass-through entity and the identifying number assigned by the pass-through entity.	20	-	-	8	8	100
The notes to the schedule of expenditures of Federal awards did not indicate whether the entity elected to use the 10 percent de minimis indirect cost rate.	20	4	20	10	5	50

^a The **OBJECTIVES, SCOPE, AND METHODOLOGY SECTION** of this report identifies the number of entities we selected for review.