

**Department of Education**  
**Office of Inspector General – Internal Audit**  
**Management Response for: McKay Scholarship Program**  
**Report #A-1314-007 Issued: February 28, 2014**  
**Status as of August 28, 2014**

Finding	Recommendation(s)	Management Response as of February 28, 2014	Management Response as of August 28, 2014	Anticipated Completion Date & Contact
<p>1. <i>Department site visits are thorough and timely.</i></p> <p>The IEPC Office conducted its site visits thoroughly and efficiently.</p>	<p>The department should continue monitoring efforts and consider seeking a legislative change to increase the number of site visits the department can conduct each year.</p>	<p>We appreciate the noted improvement in our site visit procedures since the 2011 audit. We would like to add that we also have authority in Rule 6A-6.0970 (9)(c)2., FAC as well as Section 1002.395, F.S., which increases the conditions under which additional site visits may occur. As a result, during the October 2012 site visits, we were able to visit a total of 14 schools that had both McKay Scholarship and Florida Tax Credit Scholarship students.</p>	<p>Complete.</p>	
<p>2. <i>Affidavit forms were not received prior to payment.</i></p> <p>Only four of 118 affidavits were received by the department prior to the issuance of payment.</p>	<p>The department should:</p> <ol style="list-style-type: none"> <li>1) revise policies and procedures to require an affidavit be on file with the department prior to the issuance of a scholarship payment, and</li> <li>2) explore the possibility of implementing a system edit to prevent improper payments.</li> </ol>	<p>Our office has developed a timetable for compliance as requested.</p> <p>IEPC will work to identify 2014-15 enrolled students whose parents have no affidavit on file with IEPC and send email notices to all appropriate schools of enrollment and parents.  <i>Anticipated Completion: May 2014</i></p> <p>Continue to monitor schools' submissions of affidavits and send reminder emails each month indicating continued deficiencies. Continue to take receipt of submissions and scan to web system.  <i>Anticipated Completion: June-September 2014</i></p> <p>Subsequent to the September 1, 2014 statutorily required payment and the supplemental payment distribution, identify students who continue to have no corresponding Department Form IEPC-AFF1 on file. Issue letters of noncompliance to each affected school with enrolled students giving them 30 days to comply.  <i>Anticipated Completion: October-November 2014</i></p> <p>Continue to scan and record affidavits to web system. Follow up with schools still deficient by issuing regular suspension notices in an effort to withhold February 1<sup>st</sup> payment pending compliance.</p>	<ul style="list-style-type: none"> <li>• IEPC surveyed current records and identified each private school showing one or more Form IEPC-AFF1 not on file with IEPC. We mailed letters to all affected schools according to their 2013/14 enrollment data, requesting missing affidavits</li> <li>• IEPC repeated the query and mailed letters to those schools still deficient, requesting the missing Form IEPC-AFF1</li> <li>• IEPC worked on scanning and recording all forms received</li> <li>• IEPC will send a third email to deficient schools requesting IEPC-AFF1 (as of this report, we are at 80% compliance)</li> <li>• IEPC will issue notices of noncompliance to each deficient school</li> <li>• Schools failing to submit Form IEPC-</li> </ul>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>August 2014</p> <p>November 2014</p> <p>February 2015</p>

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		<p><i>Anticipated Completion: December 2014</i></p> <p>Subsequent to our ongoing efforts to capture this information, we will work with our systems programmer to incorporate a payment system fix that will identify parent affidavits on file prior to scholarship payment distributions.</p> <p><i>Anticipated Completion: January-May 2015</i></p>	<p>AFF1 will be issued notices of proposed action and February 2015 payments will be held</p> <ul style="list-style-type: none"> <li>• Due to ongoing programmer needs within IEPC, the program fix has not currently been developed</li> </ul>	<p>May 2015</p>
<p>3. <i>Scholarship payment warrants were not properly endorsed.</i></p> <p>Forty-five of 276 warrants did not meet endorsement requirements, including: warrant signature differed from affidavit signature; signatures were inconsistent between warrants; warrants did not contain a signature; and/or warrants were not restrictively endorsed.</p>	<p>The department should enhance policies and procedures to better ensure proper warrant endorsement.</p>	<p>We have no evidence that the specific warrants reviewed by the IG audit team for this report were previously reviewed by IEPC staff. Based on recommendations from the 2011 Inspector General Audit Findings, the Choice Office implemented risk-based and targeted sampling models in addition to random sampling required by s. 1002.39(10)(f), F.S. which specifically requires that each warrant be restrictively endorsed by the parent for deposit into the account of the private school. During the 2012 school year, those schools determined as failing to meet restrictive endorsement requirements were reminded of the requirements by mail, and a follow-up review was carried out after the April 1, 2013 payment. Following the second review, five schools were issued notices of non-compliance; and a final review of November 2013 warrants for these schools is forthcoming.</p> <p><i>Anticipated Completion: Concurrent with Schedule for Finding #2</i></p> <p>Given the inevitable fluctuations of any parent’s signature across the duration of a student’s participation in the McKay Scholarship Program, Choice Office staff are not qualified to conclusively determine the identity of the individual who has signed any particular warrant. The variance of signatures duly noted by this audit does not indicate that services were not provided by the private school to these students nor that the students were not otherwise eligible to receive scholarship payments.</p>	<ul style="list-style-type: none"> <li>• Following the September 1, 2014 payment distribution, IEPC will continue with the current process of warrant sampling employing a random selection approach and compare with parent affidavit on file</li> <li>• Following the November 1, 2014 payment distribution, IEPC will continue with a risk based process of warrant sampling comparing with parent affidavit on file</li> <li>• Following the February 1, 2015 payment distribution, IEPC will continue with a targeted process of warrant sampling comparing with parent affidavits on file</li> <li>• Following the April 1, 2015 payment distribution, IEPC will continue with a follow up of all warrant sampling with outstanding issues</li> <li>• IEPC has revised our accountability</li> </ul>	<p>October 2014</p> <p>December 2014</p> <p>March 2015</p> <p>June 2015</p> <p>August 2014</p>

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		<p>However, IEPC will enhance our policies to include a review of the signature on the warrant against the signature on the form IEPC-AFF1 during the course of our sample reviews noted above. In instances where the signatures on the warrant and the IEPC-AFF1 are conclusively dissimilar, IEPC staff will contact the parent to verify current attendance.</p>	<p>manual to reflect new policies</p>	
<p>4. <i>12<sup>th</sup> grade re-enrollment documents were incomplete.</i></p> <p>Eleven of 43 12<sup>th</sup> grade re-enrollments were not fully compliant with the document requirements for previous year's report card/transcripts and/or the letter indicating the reason for re-enrollment.</p>	<p>The department should enhance procedures to ensure the scholarship issue form and all required documentation are received and approved prior to re-enrollment of a program participant into the 12<sup>th</sup> grade.</p>	<p>As discussed in the meeting prior to issuance of the report, our office goes beyond both what is required in Sections 1002.39(12) and 1002.421(6), F.S. as well as above what is required in traditional public schools for reenrollment of students. Additionally, within our guiding statutes it states that the inclusion of eligible private schools within options available to Florida public school students does not expand the regulatory authority of the state, its officers, or any school district to impose any additional regulation of private schools beyond those reasonably necessary to enforce requirements expressly set forth in these sections.</p> <p>Therefore, IEPC will seek an opinion from the Office of General Counsel as to whether we have the authority to require additional documentation for re-enrollment of 12<sup>th</sup> grade students. Based upon the opinion offered by the office of General Counsel, IEPC will take one of the following actions:</p> <ol style="list-style-type: none"> <li>1. Discontinue the practice of requiring additional documentation for 12<sup>th</sup> grade re-enrollment.</li> <li>2. Revise the rule to explicitly address the requirement.</li> <li>3. Revise our policy to require a parent signature on the IEPC scholarship issue form for any 12<sup>th</sup> grade re-enrollment.</li> </ol> <p><i>Anticipated Completion: April 2014</i></p>	<ul style="list-style-type: none"> <li>• IEPC requested a legal review of the current process of requiring documentation from private schools attempting to re-enroll 12<sup>th</sup> grade students</li> <li>• Subsequent to the legal review, it was suggested by OGC that IEPC revise the current student issue form(s) by creating a separate statement for parents of reenrolled 12<sup>th</sup> graders attesting to the fact that the student is still enrolled in a program to obtain a high school diploma or high school equivalency</li> </ul>	<p>Completed</p> <p>Completed</p>