

Department of Education
Office of Inspector General – Internal Audit
12-Month Status Report on: McKay Scholarship Program
Report #A-1314-007 Issued: February 28, 2014
Status as of February 27, 2015

Finding	Recommendation(s)	Previous Management Response	Management Response as of February 27, 2015	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>Continue monitoring efforts and consider seeking a legislative change to increase the number of site visits the department can conduct each year.</p>	<p>Response as of February 28,2014: 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>Response as of August 28, 2014: Complete.</p>		<p>Completed</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>1) Revise policies and procedures to require an affidavit be on file with the department prior to the issuance of a scholarship payment, and 2) Explore the possibility of implementing a system edit to prevent improper payments.</p>	<p>Response as of February 28,2014: Our office has developed a timetable for compliance as requested. 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> 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> 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 30 days to comply. <i>Anticipated Completion: October-November 2014</i> Continue to scan and record affidavits to web system. Follow up with schools still deficient by issuing regular suspension notices</p>	<p>In November 2014, IEPC issued a notice of noncompliance to each school deficient in parent affidavits.</p> <p>IEPC developed a method to identify parent affidavits on file prior to scholarship payment distributions. The method was utilized in the February 1, 2015, scholarship payment process. As a result, <i>190 of 28,389</i> payments were withheld.</p>	<p>Completed</p>

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<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>Enhance policies and procedures to better ensure proper warrant endorsement.</p>	<p>Response as of February 28,2014: 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. <i>Anticipated Completion: Concurrent with Schedule for Finding #2</i> 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. However, IEPC will enhance our policies to include a review of the signature on the warrant against the signature on the</p>	<p>IEPC has updated warrant review procedures to include a review of the signature on the warrant against the signature on the form IEPC-AFF1. In instances where the signatures on the warrant and the IEPC-AFF1 are conclusively dissimilar, IEPC staff contact the parent to verify student attendance during the pay period. The new procedure was first used in reviewing samples from September 1, 2014, scholarship payments.</p>	<p>Completed</p>

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		<p>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>Response as of August 28, 2014: 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.</p> <ul style="list-style-type: none"> • Following the November 1, 2014 payment distribution, IEPC will continue with a risk based process of warrant sampling comparing with parent affidavit on file. • Following the February 1, 2015 payment distribution, IEPC will continue with a targeted process of warrant sampling comparing with parent affidavits on file. • Following the April 1, 2015 payment distribution, IEPC will continue with a follow up of all warrant sampling with outstanding issues. <p>IEPC has revised our accountability manual to reflect new policies. <i>Anticipated Completion: August 2014</i></p>	<p>IEPC has updated warrant review procedures to include a review of the signature on the warrant against the signature on the form IEPC-AFF1. In instances where the signatures on the warrant and the IEPC-AFF1 are conclusively dissimilar, IEPC staff contact the parent to verify student attendance during the pay period. The new procedure was first used in reviewing samples from September 1, 2014, scholarship payments. We will continue to employ this process throughout the school year following the four statutory pay cycles.</p> <p>Additionally, we have reflected these new policies in our accountability manual.</p>	<p>Completed</p>

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		<p>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 12th graders attesting to the fact that the student is still enrolled in a program to obtain a high school diploma or high school equivalency.</p> <p><i>Anticipated Completion Date: Completed</i></p>		<p>Completed</p>