

**HIGHLANDS COUNTY
DISTRICT SCHOOL BOARD**

**Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
Restoration of Audit Adjustments**

For the Fiscal Year Ended
June 30, 2008



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD MEMBERS AND SUPERINTENDENT

Highlands County District School Board members and the Superintendent of Schools who served during the 2007-08 fiscal year are listed below:

	<i>District</i>
	<u>No.</u>
<i>Howard C. "Wally" Randall</i>	<i>1</i>
<i>Donna Howerton, Chair to 11-19-07</i>	<i>2</i>
<i>J. Ned Hancock, Vice Chair to 11-19-07, Chair from 11-20-07</i>	<i>3</i>
<i>Richard A. Norris</i>	<i>4</i>
<i>Andy Tuck, Vice Chair from 11-20-07</i>	<i>5</i>

Wallace P. Cox, Superintendent

Please address inquiries regarding this report to Nancy M. Reeder, CPA, Audit Manager, via e-mail at nancyreeder@aud.state.fl.us or by telephone at (850) 414-9941.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site www.myflorida.com/audgen; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

Highlands County District School Board
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
Restoration of Audit Adjustments
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EXECUTIVE SUMMARY

Pursuant to State Board of Education Rule 6A-1.0453(5), Florida Administrative Code, the Highlands County District School Board requested an informal conference with the Department of Education to discuss several findings presented in report No. 2010-007. The informal conference was held on December 13, 2010. The resulting informal conference panel's memorandum of February 7, 2011 (revised on April 15, 2011), recommended the restoration of certain specified audit adjustments. The panel's recommendations were accepted by the Commissioner of Education, as evidenced by letter dated February 9, 2011.

The net FTE audit adjustments restored pursuant to the panel's recommendations totaled to zero unweighted FTE but have a potential impact on weighted FTE of a positive 60.5160 FTE. The financial impact of the restored net audit adjustments is subject to the determination of the Department of Education.



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street
Tallahassee, Florida 32399-1450



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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 AGREED-UPON PROCEDURES FOR RESTORATION OF AUDIT ADJUSTMENTS FULL-TIME EQUIVALENT (FTE) STUDENTS

We have previously examined management's assertion, included in its representation letter dated February 18, 2009, that the Highlands County District School Board complied with State requirements governing the determination and reporting of the number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) for the fiscal year ended June 30, 2008, and have presented the results of our examination in report No. 2010-007, issued August 3, 2009. This agreed-upon procedures report on the restoration of audit adjustments should be read in conjunction with report No. 2010-007.

Pursuant to State Board of Education Rule 6A-1.0453(5), Florida Administrative Code, the Highlands County District School Board requested an informal conference with the Department of Education (DOE) to discuss certain findings which were presented in report No. 2010-007. The informal conference was held on December 13, 2010. The resulting informal conference panel's memorandum of February 7, 2011 (revised on April 15, 2011), recommended the restoration of certain audit adjustments for the findings discussed, as specified in the panel's recommendations. The panel's recommendations were accepted by the Commissioner of Education, as evidenced by letter dated February 9, 2011.

In conjunction with the panel's recommendations and the Commissioner's acceptance, we performed certain agreed-upon procedures, specified in SCHEDULE B herein, to determine and report the audit adjustments to be restored. We performed the agreed-upon procedures, and have issued this report, solely to assist DOE with this restoration. DOE is responsible for the sufficiency of the agreed-upon procedures and the computation of the restoration's financial impact. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

We performed the agreed-upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We did not conduct an examination, the objective of which would be the expression of an opinion on the restoration of audit adjustments contained herein. Accordingly, we do not express such an opinion. Had we performed additional procedures pursuant to such an examination, other matters might have come to our attention that we would have reported.

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 District management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
June 6, 2011

SCHEDULE A

Highlands County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
EFFECT OF RESTORED AUDIT ADJUSTMENTS ON WEIGHTED FTE
(For Illustrative Purposes Only)
 For the Fiscal Year Ended June 30, 2008

<u>No. Program</u>	<u>Net Audit Adjustment¹</u>	<u>Cost Factor</u>	<u>Weighted FTE²</u>
111 Grades K-3 with ESE Services	(3.5000)	1.048	(3.6680)
112 Grades 4-8 with ESE Services	(6.5000)	1.000	(6.5000)
113 Grades 9-12 with ESE Services	(11.8536)	1.066	(12.6359)
254 ESE Support Level 4	19.0000	3.625	68.8750
255 ESE Support Level 5	<u>2.8536</u>	5.062	<u>14.4449</u>
Total	<u>.0000</u>		<u>60.5160</u>

¹ These adjustments are for unweighted FTE. (See SCHEDULE B.)

² The restored weighted FTE adjustments are presented for illustrative purposes only; they 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 audit adjustments. That computation is the responsibility of the Department of Education.

SCHEDULE B

Highlands County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
RESTORATION OF AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2008

Overview

Pursuant to State Board of Education Rule 6A-1.0453(5), Florida Administrative Code, the Highlands County District School Board requested an informal conference with the Department of Education (DOE) to discuss several findings presented in report No. 2010-007. The informal conference was held on December 13, 2010. The resulting informal conference panel's memorandum of February 7, 2011 (revised on April 15, 2011), recommended the restoration of audit adjustments for certain findings presented originally in report No. 2010-007. The panel's recommendations were accepted by the Commissioner of Education, as evidenced by letter dated February 9, 2011. In conjunction with the panel's recommendations and the Commissioner's acceptance, we performed certain agreed-upon procedures to determine and report the audit adjustments to be restored, as specified below.

Description

**Net Audit
 Adjustments Restored
(Unweighted FTE)**

1. Finding Nos. 3 (Ref. 4103); 14 (Ref. 8104); 20 (Ref. 9103); 25 (Ref. 11103); 28 (Ref. 21103); 31 Ref. (22104); 38 (Ref. 23105); and 42 (Ref. 25103)

Summary of Findings: The *Matrix of Services* forms for 24 ESE (Exceptional Student Education) students were not reviewed and updated when the students' Individual Educational Plans (IEPs) were reviewed and updated. An adjustment was made for each finding to decrease FTE student credits for ESE Support Level 4 or 5 and increase FTE student credits for Basic with ESE Services.

Panel's Recommendation: *"Although supporting documentation was not available at the time of the appeal, the panel recommends restoration of the weighted FTE student credits for the students for whom documentation that substantiates matrix review or preparation was provided by the district staff. Department of Education staff will review supporting documentation to determine whether or not the documents support the district's contention that the matrix was reviewed at the time of the IEP meeting, and advise the Auditor General of any students for whom FTE should be restored."*

SCHEDULE B (Continued)

Highlands County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
RESTORATION OF AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2008

**Net Audit
 Adjustments Restored
 (Unweighted FTE)**

Description

Auditor’s Procedures: We reviewed the Panel’s memorandum dated April 25, 2011, disclosing the Department’s recommendation to restore FTE for 19 of the 24 students cited. Pursuant to the Panel’s recommendation, we have restored the audit adjustments for these 19 students, as presented below:

111 Grades K-3 with ESE Services	(3.0000)	
112 Grades 4-8 with ESE Services	(3.0000)	
113 Grades 9-12 with ESE Services	(8.3536)	
254 ESE Support Level 4	13.0000	
255 ESE Support Level 5	<u>1.3536</u>	<u>.0000</u>

2. Finding Nos. 13 (Ref. 8102); 19 (Ref. 9102); 26 (Ref. 11104); 29 (Ref. 21104); 32 (Ref. 22105); 39 (Ref. 23106); and 40 (Ref. 23107)

Summary of Findings: The files for 15 ESE students did not contain *Matrix of Services* forms to support the reporting of students in ESE Support Levels 4 or 5. An adjustment was made for each finding to decrease FTE student credits for ESE Support Levels 4 or 5 and increase FTE student credits for Basic with ESE Services.

Panel’s Recommendation: *“Although supporting documentation was not available at the time of the appeal, the panel recommends restoration of the weighted FTE student credits for students for whom the district staff provides appropriate documentation. Department of Education staff will review supporting documentation to determine whether or not the documents support the district’s contention that the matrix was reviewed at the time of the IEP meeting, and advise the Auditor General of any students for whom FTE student credits should be restored.”*

SCHEDULE B (Continued)

Highlands County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
RESTORATION OF AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2008

<u>Description</u>	<u>Net Audit Adjustments Restored (Unweighted FTE)</u>
<u>Auditor's Procedures:</u> We reviewed the Panel's memorandum dated April 25, 2011, disclosing the Department's recommendation to restore FTE for 10 of the 15 students cited. Pursuant to the Panel's recommendation, we have restored the audit adjustments for these 10 students, as presented below:	
111 Grades K-3 with ESE Services	(.5000)
112 Grades 4-8 with ESE Services	(3.5000)
113 Grades 9-12 with ESE Services	(3.5000)
254 ESE Support Level 4	6.0000
255 ESE Support Level 5	<u>1.5000</u>
Net Audit Adjustments Restored	<u>.0000</u>

Highlands County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
COMMISSIONER'S LETTER
 For the Fiscal Year Ended June 30, 2008

FLORIDA DEPARTMENT OF EDUCATION



Dr. Eric J. Smith
 Commissioner of Education

STATE BOARD OF EDUCATION

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Members

DR. AKSHAY DESAI

MARK KAPLAN

ROBERTO MARTÍNEZ

JOHN R. PADGET

KATHLEEN SHANAHAN

SUSAN STORY



February 9, 2011

Mr. Wally Cox, Superintendent
 Highlands County School District
 426 School Street
 Sebring, FL 33870-4048

Dear Superintendent Cox:

My staff and I have reviewed the recommended agreement, which was a result of the informal audit conference concluded on December 13, 2010. The conference concerned the Full-Time Equivalent (FTE) Students and Student Transportation Audit (Report No. 2010-007) for the year ending June 30, 2008, for the School District of Highlands County. I accept the informal conference panel's recommendation and, by copy of this letter, am asking Deputy Commissioner Linda Champion to initiate appropriate action with regard to the FEFP adjustment for Highlands County. I am pleased that the informal conference participants reached an agreement.

Sincerely,

Dr. Eric J. Smith

EJS:lj

cc: Linda Champion
 Joe Williams
 Frances Haithcock

Highlands County District School Board
 Full-Time Equivalent (FTE) Students and Student Transportation
INFORMAL CONFERENCE PANEL'S MEMORANDUM
 For the Fiscal Year Ended June 30, 2008

FLORIDA DEPARTMENT OF EDUCATION



Dr. Eric J. Smith
 Commissioner of Education

STATE BOARD OF EDUCATION

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Members

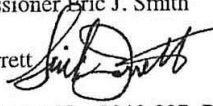
- DR. AKSHAY DESAI
- MARK KAPLAN
- ROBERTO MARTÍNEZ
- JOHN R. PADGET
- KATHLEEN SHANAHAN
- SUSAN STORY



MEMORANDUM

Date: February 7, 2011 **Revised on April 15, 2011**

To: Commissioner Eric J. Smith

From: Link Jarrett 

Subject: Audit Report No. 2010-007, Report on the School District of Highlands County, Florida Education Finance Program (FEFP) Full-Time Equivalent (FTE) Students and Student Transportation for the Fiscal Year Ended June 30, 2008

On October 22, 2010, the Department of Education received a request from the Highlands County School District for an informal conference to discuss Audit Report No. 2010-007 and related issues. The informal conference was held on December 13, 2010.

The Highlands County School District was represented by Wally Cox, Michael Averyt, Rebecca Fleck, Lottie Brown, Pat Landress, Joyce Dean, and Mary Ascuitto. The Department of Education was represented by Kim Komisar and Becky Pruett. David Morris and I served as the informal conference panel. Joe Williams represented the Office of the Auditor General.

Highlands County School District appealed 15 audit findings. The recommendations that resulted from the informal appeal conference are as follows:

1. Matrix of Services forms [Finding Nos. 3, (Ref. 4103), 14 (Ref. 8104), 20 (Ref. 9103), 25 (Ref. 11103), 28 (Ref. 21103), 31 (Ref. 22104), 38 (Ref. 23105), and 42 (Ref. 25103)]

Summary of Findings: Matrix of Services forms for 24 ESE students were not reviewed and updated when the students' Individual Education Plans (IEPs) were reviewed and updated. An adjustment was made for each finding to decrease FTE student credits for ESE Support Level 4 or 5 and increase FTE student credits for Basic with ESE Services.

LINCOLN JARRETT, JR.
 EXECUTIVE STAFF DIRECTOR

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Highlands County District School Board
Full-Time Equivalent (FTE) Students and Student Transportation
INFORMAL CONFERENCE PANEL'S MEMORANDUM (Continued)
For the Fiscal Year Ended June 30, 2008

Commissioner Eric J. Smith
February 7, 2011
Page 2

In Report No. 2010-007, management's response to the audit findings was that the matrix forms were reviewed when the IEPs were reviewed. The auditors' resolution indicated there was no supporting documentation that verified the forms were reviewed at the time of the corresponding IEP review.

During the conference, the district provided information related to data collection forms that contain IEP meeting results which would verify when the matrix forms were prepared, updated, or reviewed. A data operator keys the information on the form, which is then signed and dated. After the conference, the district provided data collection forms for the students cited in the appealed audit findings. The district contends that the documents show the district's procedure is to indicate whether or not a change should be made to the matrix as a result of the IEP meeting.

Recommendation: Although supporting documentation was not available at the time of the appeal, the panel recommends restoration of the weighted FTE student credits for the students for whom documentation that substantiates matrix review or preparation was provided by the district staff. Department of Education staff will review supporting documentation to determine whether or not the documents support the district's contention that the matrix was reviewed at the time of the IEP meeting, and advise the Auditor General of any students for whom FTE should be restored.

2. Matrix of Services forms [Finding Nos. 13, (Ref. 8102), 19 (Ref. 9102), 26 (Ref. 11104), 29 (Ref. 21104), 32 (Ref. 22105), 39 (Ref. 23106), and 40 (Ref. 23107)]

Summary of Findings: The files for 15 ESE students did not contain Matrix of Services forms to support the reporting of students in ESE Support Level 4 or 5. An adjustment was made for each finding to decrease FTE student credits for ESE Support Level 4 or 5 and increase FTE student credits for Basic with ESE Services.

In Report No. 2010-007, management's response to the audit findings was that all of the matrix forms that were cited as missing from students' files were available in electronic format. The auditors' resolution indicated that, since there were deficiencies in the district's electronic system that precluded determining when the forms were prepared and finalized, the auditors did not rely on the electronic matrix, but on the printed matrix.

During the conference, the district provided information related to data collection forms that would verify when the matrix forms were prepared, updated, or reviewed. After the conference, the district provided data collection forms for the students cited in the appealed audit findings. It was determined after a review by Department of Education staff that the documents support the contention that the matrix forms were reviewed at the time of the IEP reviews to ensure that the 254 or 255 weighted program levels were accurate.

Recommendation: Although supporting documentation was not available at the time of the appeal, the panel recommends restoration of the weighted FTE student credits for students for whom the district staff provides appropriate documentation. Department of Education staff will review supporting documentation to determine whether or not the documents support the district's contention that the matrix was reviewed at the time of the IEP meeting, and advise the Auditor General of any students for whom FTE student credits should be restored.

Highlands County District School Board
Full-Time Equivalent (FTE) Students and Student Transportation
INFORMAL CONFERENCE PANEL'S MEMORANDUM (Continued)
For the Fiscal Year Ended June 30, 2008

Commissioner Eric J. Smith
February 7, 2011
Page 3

If you accept the recommendations, the Office of Funding and Financial Reporting and the Auditor General should be notified to take appropriate restoration action.

LJ/bp

cc: Linda Champion
Michael Averyt
Wally Cox
Kim Komisar
David Morris
Joe Williams

Highlands County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
INFORMAL CONFERENCE PANEL'S MEMORANDUM (Continued)
 For the Fiscal Year Ended June 30, 2008

FLORIDA DEPARTMENT OF EDUCATION



Dr. Eric J. Smith
 Commissioner of Education



STATE BOARD OF EDUCATION


Members

DR. AKSHAY DESAI
 MARK KAPLAN
 ROBERTO MARTÍNEZ
 JOHN R. PADGET
 KATHLEEN SHANAHAN

MEMORANDUM

Date: April 25, 2011

To: David Hughes, Office of the Auditor General

From: Link Jarrett 

Subject: 2007-08 Highlands County School District Audit Appeal Restoration

On December 13, 2010, Department of Education staff held an informal audit appeal conference with Highlands County School District. Following the conference, the district provided data collection forms as additional supporting documentation for the appealed audit findings related to matrix of services forms. The district contended that the data collection forms show that the district's procedure is to indicate whether or not a change should be made to the matrix of services form as a result of the Individual Education Plan (IEP) meeting.

As indicated in a February 7, 2011, memo to the Commissioner, the audit appeal conference panel recommended restoring the weighted full-time equivalent (FTE) student credits for the students for whom documentation was provided that shows a matrix of services was reviewed or prepared. Department of Education staff reviewed the supporting documentation provided by the district and determined that the data collection forms support the district's contention that the matrix of services forms for the FTE students in the appealed audit findings were reviewed or prepared at the time of the IEP reviews. Attached is a list of students for whom documentation was provided.

LJ:bp

Attachment

cc: Linda Champion
 Michael Averyt
 Wally Cox
 Kim Komisar
 David Morris
 Nancy Reeder

LINCOLN JARRETT, JR.
 EXECUTIVE STAFF DIRECTOR

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Highlands County District School Board
 Florida Education Finance Program (FEFP)
 Full-Time Equivalent (FTE) Students
INFORMAL CONFERENCE PANEL'S MEMORANDUM (Continued)
 For the Fiscal Year Ended June 30, 2008

Highlands 2007-08 Audit Appeal
 Report No. 2010-007
 Student List - Restoration Recommendation

Memo Item No. 1:

<u>Finding No. / Reference</u>	<u>ASID</u>
3 / 4103	7211 101
14 / 8104	4230 12952
20 / 9103	7197 749
25 / 11103	7429
28 / 21103	4205
31 / 22104	3430 7097 4694 1362 3677 10761
38 / 23105	3320 4729 8266 10717
42 / 25103	10634

Memo Item No. 2:

<u>Finding No. / Reference</u>	<u>ASID</u>
13 / 8102	12400
19 / 9102	9830 10981 7296
26 / 11104	10610
29 / 21104	11972
32 / 22105	5793 3322
39 / 23106	6065
40 / 23107	1650