

**School District of Walton County
and the
North American Family Institute, Inc. (NAFI)**

Report on
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS

For the Fiscal Years Ended June 30, 2001 and June 30, 2002



WILLIAM O. MONROE, CPA

**School District of Walton County
and the
North American Family Institute, Inc. (NAFI)**

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The Auditor General provides independent, unbiased, timely, and relevant information to the Legislature, entity management, and the citizens of the State of Florida which can be used to improve the operations and accountability of public entities.

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This examination was conducted by Alice Pounds, CPA. Please address inquiries regarding this report to Joseph L. Williams, Audit Manager, via e-mail at joewilliams@aud.state.fl.us or by telephone at (850) 414-9941.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students

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Management's Response - NAFI*

**Management submitted with its response two large three-ring binders containing supporting documentation. This documentation has not been reproduced in this report but is available at NAFI's offices.*



WILLIAM O. MONROE, 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
School District of Walton County, Florida
North American Family Institute, Inc.
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students***

Pursuant to the request of the Superintendent of the School District of Walton County, Florida, by letter dated September 12, 2002, we have examined various documents and records which support the number of full-time equivalent (FTE) students reported by the District for certain juvenile justice educational programs contracted to North American Family Institute, Inc. (NAFI), for the fiscal years ended June 30, 2001 and June 30, 2002. The Superintendent indicated that his request was prompted by a report from the Department of Education (DOE) that cited NAFI for various deficiencies in its administration of its educational programs and, as a result of the DOE report, the District did not renew its contract with NAFI, which terminated on June 30, 2002.

The purpose of our examination was to determine whether NAFI had complied with the requirements of the Florida Education Finance Program (FEFP) regarding the determination and reporting of the number of full-time equivalent (FTE) students for the aforementioned fiscal years. FEFP requirements are found primarily in Chapter 236, Florida Statutes, and State Board of Education Rules, Chapter 6A-1, Florida Administrative Code, and secondarily in Chapters 228 through 234, Florida Statutes, and State Board of Education Rules, Chapters 6A-4 and 6A-6, Florida Administrative Code. Pursuant to NAFI's contract with the District, the management of NAFI is responsible for compliance with those statutes and rules. Our responsibility is to express an opinion on NAFI's compliance based on our examination.

Our examination was conducted in accordance with the standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about NAFI's compliance with the aforementioned FEFP 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 District's and NAFI's compliance with FEFP requirements is, however, ultimately the responsibility of DOE.

Independent Auditor's Report
School District of Walton County, Florida
North American Family Institute, Inc.
Florida Education Finance Program (FEFP)
Full-Time Equivalent (FTE) Students
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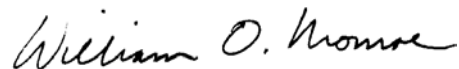
Our examination procedures disclosed the following instances of material noncompliance: the number of instructional hours provided in the daily instructional schedules was not adequately documented; student attendance was not taken on a daily basis; student attendance records and procedures for taking and recording student attendance were deficient; and the qualifications of most of the teaching staff did not meet FEFP requirements. (See SCHEDULE D, [page 6](#) (2002) and [page 25](#) (2001).)

In our opinion, because of the instances of material noncompliance mentioned above involving the documentation of instructional hours in the daily instructional schedule, student attendance records, and the qualifications of teachers, the North American Family Institute, Inc. (NAFI), did not comply, in all material respects, with the aforementioned requirements of the Florida Education Finance Program (FEFP) regarding the determination and reporting of the number of full-time equivalent (FTE) students for the fiscal years ended June 30, 2001 and June 30, 2002.

Our examination procedures disclosed other instances of noncompliance with the aforementioned FEFP requirements, in addition to those mentioned above. We considered these other instances of noncompliance in forming our opinion regarding management's assertion and these items did not affect our opinion as stated above. All of the instances of noncompliance disclosed by our examination procedures are discussed in SCHEDULE D. The impact of those instances of noncompliance on the District's reported number of full-time equivalent (FTE) students is presented in SCHEDULE A, SCHEDULE B, SCHEDULE C, and SCHEDULE D. A separate schedule is presented for each fiscal year.

This report is intended for the information 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, the North American Family Institute, Inc. (NAFI), and the School District of Walton County, Florida. Copies of this report are available pursuant to Section 11.45(4)(c), Florida Statutes, and its distribution is not limited.

Respectfully submitted,



William O. Monroe, CPA

Examination completed on:
November 8, 2002

SCHEDULE A

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
**FULL-TIME EQUIVALENT (FTE) STUDENTS
POPULATIONS, SAMPLES, AND TEST RESULTS**
For the Fiscal Year Ended June 30, 2002

<u>Description</u> ¹	<u>Number</u>	<u>% of Pop. (Sample)</u>	<u>Unweighted FTE Reported</u> ²
<u>Students</u>			
Population ³	94	100.00%	53.4356
Sample Size ⁴	94	100.00%	53.4356
Students w/Exceptions	94	(100.00%)	-
Net Audit Adjustments ⁵	-	-	(9.2584)
 <u>Teachers</u> ⁶			
Population	10	100.00%	-
Sample Size ⁴	10	100.00%	-
Exceptions ⁶	8	(80.00%)	-

¹ See [NOTE A7](#).

² Unweighted full-time equivalent (FTE) students represents FTE prior to the application of the applicable cost factor for each program. (See [NOTE A5](#).)

³ The population shown for the number of students is the total number of students reported by NAFI. The population shown for full-time equivalent (FTE) students is the total of the figures reported for each survey conducted for the fiscal year ended June 30, 2002. (See [NOTE A6](#).)

⁴ See [NOTE B](#).

⁵ These audit adjustments present the net effects of the instances of noncompliance disclosed by our examination procedures, including those related to our tests of teacher certification (see footnote 6 and SCHEDULE D).

⁶ Our examination procedures, which tested the qualifications of each of the ten teachers reported by NAFI, disclosed exceptions involving eight of those ten teachers. (See SCHEDULE D, finding nos. 1, 2, 10, 11, and 12.)

The accompanying notes are an integral part of this schedule.

SCHEDULE B

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
EFFECT OF AUDIT ADJUSTMENTS ON WEIGHTED FTE
(For Illustrative Purposes Only)
For the Fiscal Year Ended June 30, 2002

<u>No.</u>	<u>Program</u> ¹	<u>Net Audit Adjustment</u> ²	<u>Cost Factor</u>	<u>Weighted FTE</u> ³
102	Basic 4-8	.3608	1.000	.3608
103	Basic 9-12	11.9846	1.113	13.3389
112	Grades 4-8 with ESE Services	(2.0568)	1.000	(2.0568)
113	Grades 9-12 with ESE Services	(18.6300)	1.113	(20.7352)
300	Vocational 6-12	<u>(.9170)</u>	1.206	<u>(1.1059)</u>
Total		<u>(9.2584)</u>		<u>(10.1982)</u>

¹ See NOTE A7.

² These adjustments are for unweighted FTE. (See SCHEDULE C.)

³ *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. (See NOTE A5.)*

The accompanying notes are an integral part of this schedule.

SCHEDULE C

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
AUDIT ADJUSTMENTS BY REPORTED COST CENTER
For the Fiscal Year Ended June 30, 2002

		<u>Audit Adjustments¹</u>		
<u>No.</u>	<u>Program</u>	<u>#2011</u>	<u>#2021</u>	<u>Total</u>
102	Basic 4-8	(.0170)	.3778	.3608
103	Basic 9-12	6.6390	5.3456	11.9846
112	Grades 4-8 with ESE Services	(.7652)	(1.2916)	(2.0568)
113	Grades 9-12 with ESE Services	(7.9636)	(10.6664)	(18.6300)
300	Vocational 6-12	(.1834)	(.7336)	(.9170)
Total		<u>(2.2902)</u>	<u>(6.9682)</u>	<u>(9.2584)</u>

¹ These adjustments are for unweighted FTE. (See NOTE A5.)

The accompanying notes are an integral part of this schedule.

SCHEDULE D

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2002

Overview

The management of the North American Family Institute, Inc. (NAFI), is responsible for determining and reporting the number of full-time equivalent (FTE) students in compliance with requirements of the Florida Education Finance Program (FEFP). These requirements are found primarily in Chapter 236, Florida Statutes, and State Board of Education Rules, Chapter 6A-1, Florida Administrative Code, and secondarily in Chapters 228 through 234, Florida Statutes, and State Board of Education Rules, Chapters 6A-4 and 6A-6, Florida Administrative Code. In our opinion, because of instances of material noncompliance involving the documentation of instructional hours in the daily instructional schedule, student attendance records, and the qualifications of teachers, NAFI did not comply, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2002. Our recommendations may be found on [page 39](#).

Findings

**Net Audit
Adjustment
(Unweighted FTE)**

Intensive Halfway House (IHH) (#2011)

1. [Ref. 201101/02/03/05] Four teachers who taught during the school terms covered by the July, October, February, and June surveys did not hold a Florida teacher's certificate. Consequently, the teachers did not meet the provisions of State Board of Education Rule 6A-1.0503, Florida Administrative Code, which define qualified instructional personnel. We made the following audit adjustments:

<u>Ref. 201101</u>		
103 Basic 9-12	.0483	
113 Grades 9-12 with ESE Services	<u>(.0483)</u>	.0000
<u>Ref. 201102</u>		
102 Basic 4-8	.0486	
112 Grades 4-8 with ESE Services	<u>(.0486)</u>	.0000
<u>Ref. 201103</u>		
103 Basic 9-12	.0750	
113 Grades 9-12 with ESE Services	<u>(.0750)</u>	.0000
<u>Ref. 201105</u>		
103 Basic 9-12	.7584	
113 Grades 9-12 with ESE Services	<u>(.7584)</u>	.0000

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

**Net Audit
 Adjustment
 (Unweighted FTE)**

Findings

Intensive Halfway House (IHH) (#2011) (Continued)

2. [Ref. 201104] One teacher had been approved by the School Board to teach out-of-field in two subject areas: Exceptional education during the 1998-99 school year and Vocational education during the 2001-02 school year. However, the teacher did not earn the required 12 hours of college credit towards certification in Exceptional education and, thus, was not eligible subsequently to be placed out-of-field in Vocational education. Consequently, the teacher did not meet the provisions of State Board of Education Rule 6A-1.0503, Florida Administrative Code, which define qualified instructional personnel.

We also noted that the parents of the students taught by this teacher were not notified of the teacher's out-of-field status, pursuant to Section 231.095, Florida Statutes.

We made the following audit adjustments:

102	Basic 4-8	.0166	
103	Basic 9-12	.3500	
112	Grades 4-8 with ESE Services	(.0166)	
113	Grades 9-12 with ESE Services	(.1666)	
300	Vocational 6-12	<u>(.1834)</u>	.0000

3. [Ref. 201110] Student attendance was not taken on a daily basis and student attendance records were not officially designated, systematically prepared, and appropriately maintained in readily accessible files. Consequently, the attendance of any particular student during a given survey was not appropriately documented and readily determinable as it should have been. However, except for 1 student in the October survey, we were able to verify the attendance of each of the 40 students at the Intensive Halfway House (IHH) for at least one day of each survey, by reference to one or more of the following records: instructional logs, teacher grade books, computer-instruction reports, and student weekly performance reports. We made the following audit adjustment for the 1 student whose attendance was not supported for the October survey:

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

<u>Findings</u>	<u>Net Audit Adjustment (Unweighted FTE)</u>
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Intensive Halfway House (IHH) (#2011) (Continued)

102 Basic 4-8	(.4250)	(.4250)
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4. [Ref. 201111] Twelve students in the June survey were reported for more instructional time than was provided to them; consequently, their FTE was overreported for that survey. The FTE General Instructions state that "the calculation of FTE for students in DJJ programs shall be limited to 25 hours per week" and that "the FTE reporting by survey will be as follows: Report up to 35 instructional days for the June survey. Thus, the maximum FTE for any given student in the June survey should have been .1944 FTE. However, 11 of the 12 students in question were reported for .2916 FTE and the remaining student was reported for .2430 FTE. We made the following audit adjustments:

102 Basic 4-8	(.0486)	
103 Basic 9-12	(.6804)	
112 Grades 4-8 with ESE Services	(.0972)	
113 Grades 9-12 with ESE Services	(.2916)	(1.1178)

5. [Ref. 201112] The date of withdrawal of one student in the July survey was not clearly documented. The withdrawal date recorded in the automated system was July 26, 2001, after the July survey, and the withdrawal date recorded on the source record (i.e., the Transcript/Record of Educational Participation form) was June 21, 2001, prior to the July survey. Management was unable to clarify the conflicting dates and we were otherwise unable to determine whether the student was in membership during the July survey. We made the following audit adjustment:

102 Basic 4-8	(.1944)	(.1944)
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The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

**Net Audit
 Adjustment
 (Unweighted FTE)**

Findings

Intensive Halfway House (IHH) (#2011) (Continued)

6. [Ref. 201113] The files for two Exceptional students in the July and October surveys did not contain Individual Education Plans (IEPs) which were valid for those surveys. We made the following audit adjustments:

103	Basic 9-12	.8888	
113	Grades 9-12 with ESE Services	<u>(.8888)</u>	.0000

7. [Ref. 201114] None of the teachers employed by NAFI in its Halfway House program held certification in Exceptional education. NAFI did not provide Exceptional services until the school term covered by the June survey when it contracted with the District to provide such services on a consultative basis. State Board of Education Rule 6A-6.05281(1)(c), Florida Administrative Code, states that "All students placed in a DJJ program, who meet the eligibility criteria for exceptional student education, shall be provided a free appropriate public education * * *." Since Exceptional services were not provided during the school terms covered by the July, October, and February surveys, the students concerned should have been reported in Basic education programs rather than in Exceptional education programs. We made the following audit adjustments:

102	Basic 4-8	.6028	
103	Basic 9-12	5.7349	
112	Grades 4-8 with ESE Services	<u>(.6028)</u>	
113	Grades 9-12 with ESE Services	<u>(5.7349)</u>	.0000

8. [Ref. 201115] The reported number of Class Minutes, Weekly (CMW) did not agree with the instructional schedule shown in NAFI's Student Handbook. Management advised us that the actual instructional schedule was flexible and could vary from week to week; thus, it did not strictly adhere to the class times published in the Student Handbook. However, there was no documentation of the instructional schedule that was actually used and in place at any particular point during the school year.

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

**Net Audit
 Adjustment
 (Unweighted FTE)**

Findings

Intensive Halfway House (IHH) (#2011) (Continued)

In light of the above circumstances, we concluded that the instructional schedule shown in NAFI's Student Handbook was unreliable. However, we were able to reconstruct a schedule for each survey using NAFI's log books, which kept track of student movements and locations on a daily basis. Using these reconstructed schedules, we determined that the CMW reported for 15 students in the October survey was overstated. We made the following audit adjustments:

102	Basic 4-8	(.0170)	
103	Basic 9-12	<u>(.5360)</u>	(.5530)

(The above audit adjustments were reduced from those presented in our draft report due to the effects of our resolution of management's response to finding no. 9. See Auditors' Resolution on [page 21](#).)

9. [Ref. 201117] The number of days-in-term used to calculate FTE for the 40 students in NAFI's Halfway House program during the fiscal year ended June 30, 2002, incorrectly included days in which no instruction occurred. Total reported days were 250 (35 days for the school term covered by the July survey; plus 90 days for the school term covered by the October survey; 90 days for the school term covered by the February survey; and 35 days for the school term covered by the June survey). However, actual instructional days were only 200 (27 days for July; plus 66 for October; 77 for February; and 30 for June). We made the following audit adjustments to reflect FTE computed using 200 days of instruction:

102	Basic 4-8	(.3370)	
103	Basic 9-12	(2.7073)	
112	Grades 4-8 with ESE Services	(.0208)	
113	Grades 9-12 with ESE Services	<u>(.0831)</u>	(3.1482)

Management's Response - See [page 21](#).

Auditors' Resolution - See [page 21](#). We have resolved this finding in the favor of NAFI:

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

<u>Findings</u>		<u>Net Audit Adjustment (Unweighted FTE)</u>	
<u>Intensive Halfway House (IHH) (#2011)</u> (Continued)			
<u>Auditors' Resolution</u> (Continued)			
102	Basic 4-8	.3370	
103	Basic 9-12	2.7073	
112	Grades 4-8 with ESE Services	.0208	
113	Grades 9-12 with ESE Services	<u>.0831</u>	<u>3.1482</u>
Audit Adjustments Subtotal - Halfway House			<u>(2.2902)</u>

NAFI Severe Habitual Offender's Program (SHOP) (#2021)

10. [Ref. 202101] One teacher was not properly certified and was not approved by the School Board to teach out-of-field during the school term covered by the June survey. (The teacher held certification in Social Science, but taught a course that required certification in Exceptional education.) Consequently, the teacher did not meet the provisions of State Board of Education Rule 6A-1.0503, Florida Administrative Code, which define qualified instructional personnel. We made the following audit adjustments:

103	Basic 9-12	.0486	
113	Grades 9-12 with ESE Services	<u>(.0486)</u>	.0000

11. [Ref. 202102] One teacher was approved by the School Board in the 1998-99 school year to teach an Exceptional education class out-of-field and was subsequently approved in the 2001-02 school year to teach a Vocational class out-of-field. However, the teacher did not earn the 12 hours of college credit required in the first out-of-field subject area. Thus, the teacher was not eligible to be placed out-of-field in a different area and did not meet the provisions of State Board of Education Rule 6A-1.0503, Florida Administrative Code, which define qualified instructional personnel. We also noted that the parents of the students taught by this out-of-field teacher were not notified of the teacher's out-of-field status, pursuant to Section 231.095, Florida Statutes. We made the following audit adjustments:

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

<u>Findings</u>	<u>Net Audit Adjustment (Unweighted FTE)</u>
<u>NAFI Severe Habitual Offender's Program (SHOP) (#2021)</u> (Continued)	
103 Basic 9-12	1.3072
113 Grades 9-12 with ESE Services	(.5736)
300 Vocational 6-12	<u>(.7336)</u> .0000

12. [Ref. 202103] One teacher who taught during the school terms covered by the October and February surveys did not hold a Florida teacher's certificate. Consequently, the teacher did not meet the provisions of State Board of Education Rule 6A-1.0503, Florida Administrative Code, which define qualified instructional personnel. We made the following audit adjustments:

103 Basic 9-12	.7800	
113 Grades 9-12 with ESE Services	<u>(.7800)</u>	.0000

13. [Ref. 202110] Student attendance was not taken on a daily basis and student attendance records were not officially designated, systematically prepared, and appropriately maintained in readily accessible files. Consequently, the attendance of any particular student during a given survey was not appropriately documented and readily determinable as it should have been. However, except for 3 students in the July and June surveys, we were able to verify the attendance of each of the 54 students at NAFI SHOP for at least one day of each survey, by reference to one or more of the following records: instructional logs, teacher grade books, computer-instruction reports, and student weekly performance reports. We made the following audit adjustments for the 3 students whose attendance was not supported for the July and June surveys:

102 Basic 4-8	(.1944)	
103 Basic 9-12	<u>(.3888)</u>	(.5832)

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

**Net Audit
 Adjustment
 (Unweighted FTE)**

Findings

NAFI Severe Habitual Offender's Program (SHOP) (#2021) (Continued)

14. [Ref. 202111] Seventeen students in the June survey were reported for more instructional time than was provided to them; consequently, their FTE was overreported for that survey. The FTE General Instructions require that "the calculation of FTE for students in DJJ programs shall be limited to 25 hours per week" and "up to 35 instructional days for the June survey." Thus, the maximum FTE for any given student in the June survey should have been .1944 FTE. However, 12 of the 17 students in that survey were reported for .2916 FTE and the remaining 5 students were reported for .2430 FTE. We made the following audit adjustments:

103	Basic 9-12	(.8262)	
112	Grades 4-8 with ESE Services	(.0972)	
113	Grades 9-12 with ESE Services	(.4860)	(1.4094)

15. [Ref. 202112] Our examination procedures disclosed the following exceptions involving the attendance and membership status of five students (three in the July survey and two in the February survey):

- a. Three students were released prior to survey and should not have been reported with the survey's results.
- b. One student was incorrectly reported in the February survey. The student was not released until the afternoon of 2-4-02 (Monday of the February survey); however, log book entries indicate that the student did not receive instruction that day, but rather completed the administrative requirements associated with his release. Thus, the student should not have been reported with the survey's results. We also noted that the student's withdrawal date should have been posted as 2-5-02, the day following the student's last day of attendance.

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

**Net Audit
 Adjustment
 (Unweighted FTE)**

Findings

NAFI Severe Habitual Offender's Program (SHOP) (#2021) (Continued)

c. One student was admitted to NAFI on the last day of the February survey week; however, the student's educational assessments were not completed, and instruction begun, until after the survey. (NAFI's policy mandated a minimum 24-hour waiting period after arrival at the facility before a student would start class.) Consequently, the student did not receive instruction during the February survey and should not have been reported with the survey's results.

We made the following audit adjustment:

103	Basic 9-12	(1.5082)	(1.5082)
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16. [Ref. 202113] The files for four Exceptional students (two in the July survey, one in the October survey, and one in the February survey) did not contain Individual Education Plans (IEPs) that were valid for the surveys concerned. We made the following audit adjustments:

103	Basic 9-12	1.0555	
113	Grades 9-12 with ESE Services	(1.0555)	.0000

17. [Ref. 202114] None of the teachers employed by NAFI in SHOP held certification in Exceptional education. NAFI did not provide Exceptional services until the school term covered by the June survey when it contracted with the District to provide such services on a consultative basis. State Board of Education Rule 6A-6.05281(1)(c), Florida Administrative Code, states that "All students placed in a DJJ program, who meet the eligibility criteria for exceptional student education, shall be provided a free appropriate public education * * *." Since Exceptional services were not provided during the school terms covered by the July, October, and February surveys, the students concerned should have been reported in Basic education programs rather than in Exceptional education programs. We made the following audit adjustments:

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

<u>Findings</u>	<u>Net Audit Adjustment (Unweighted FTE)</u>
NAFI Severe Habitual Offender's Program (SHOP) (#2021) (Continued)	
102 Basic 4-8	1.1944
103 Basic 9-12	7.7227
112 Grades 4-8 with ESE Services	(1.1944)
113 Grades 9-12 with ESE Services	<u>(7.7227)</u>
	.0000

18. [Ref. 202115] The reported number of Class Minutes, Weekly (CMW) did not agree with the instructional schedule shown in NAFI's Student Handbook. Management advised us that the actual instructional schedule was flexible and could vary from week to week; thus, it did not strictly adhere to the class times published in the Student Handbook. However, there was no documentation of the instructional schedules that were in place at any particular point during the fiscal year.

In light of the above circumstances, we concluded that the instructional schedule shown in NAFI's Student Handbook was unreliable. However, we were able to reconstruct a schedule for each survey using NAFI's log books, which kept track of student movements and locations on a daily basis. Using these reconstructed schedules, we determined that the CMW reported for 39 students in the July, October, and February surveys was overstated. We made the following audit adjustments:

102 Basic 4-8	(.6222)	
103 Basic 9-12	<u>(2.8452)</u>	(3.4674)

(The above audit adjustments were reduced from those presented in our draft report due to the effects of our resolution of management's response to finding no. 19. See Auditors' Resolution on [page 21](#).)

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2002

**Net Audit
Adjustment
(Unweighted FTE)**

Findings

NAFI Severe Habitual Offender's Program (SHOP) (#2021) (Continued)

19. [Ref. 202116] The number of days-in-term used to calculate the FTE Earned for the 54 students at NAFI SHOP during the fiscal year ended June 30, 2002, incorrectly included days in which no instruction occurred. Total reported days were 250 (35 days for the school term covered by the July survey; plus 90 days for the school term covered by the October survey; 90 days for the school term covered by the February survey; and 35 days for the school term covered by the June survey). However, actual instructional days were only 200 (27 days for July; plus 66 for October; 77 for February; and 30 for June). We made the following audit adjustments to reflect FTE Earned computed using 200 days of instruction:

102	Basic 4-8	(.4849)	
103	Basic 9-12	(2.9808)	
112	Grades 4-8 with ESE Services	(.0277)	
113	Grades 9-12 with ESE Services	<u>(.0416)</u>	(3.5350)

Management's Response - See [page 21](#).

Auditors' Resolution - See [page 21](#). We have resolved this finding in the favor of NAFI:

102	Basic 4-8	.4849	
103	Basic 9-12	2.9808	
112	Grades 4-8 with ESE Services	.0277	
113	Grades 9-12 with ESE Services	<u>.0416</u>	<u>3.5350</u>
Audit Adjustments Subtotal - SHOP			<u>(6.9682)</u>
Total Audit Adjustments			<u>(9.2584)</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE E

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
SUMMARY OF MANAGEMENT'S RESPONSE - NAFI
For the Fiscal Year Ended June 30, 2002

Finding Nos. 1, 2, 7, 10, 11, 12, and 17

(Finding nos. 1 and 12 cite NAFI for teachers who did not hold Florida teaching certificates.)

(Finding nos. 7 and 17 cite NAFI for not offering Exceptional services and employing teachers who were certified to teach Exceptional education.)

(Finding nos. 2 and 11 cite NAFI for teachers who did not earn the college credits required in the teachers' out-of-field areas and for whom appropriate out-of-field notifications were not made to the parents or guardians of the students involved.

(Finding no. 10 cites NAFI for an out-of-field teacher whose out-of-field status was not approved by the School Board.

Management's Response - Management did not address NAFI's use of noncertified teachers (finding nos. 1 and 12), the lack of teachers with Exceptional certification (finding nos. 7 and 17), or the failure of out-of-field teachers to earn required college credits (finding nos. 2 and 11).

With regard to the teacher in finding no. 10, whose out-of-field status was not approved by the School Board, management contends that any teaching certification is appropriate in a juvenile justice setting and, thus, "there is no recognized out-of-field designation" for teachers in juvenile justice facilities.

Auditors' Resolution - Since management did not respond to finding nos. 1, 2, 7, 11, 12, or 17, those findings stand as presented herein.

With regard to finding no. 10, management's contention that any teaching certification is appropriate in a juvenile justice setting is correct only when the students being taught are served and reported in Basic education. (All Dropout Prevention programs, including those in juvenile justice facilities, are reported to the Department of Education as part of Basic education, in accordance with the *FTE General Instructions*.) The teachers of those students who are in a juvenile justice facility and are served and reported in Exceptional and Vocational education must either satisfy Exceptional and Vocational certification requirements or be approved by the School Board to teach out-of-field. Accordingly, finding no. 10 stands as presented herein.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
SUMMARY OF MANAGEMENT'S RESPONSE
For the Fiscal Year Ended June 30, 2002

Finding Nos. 8 and 18

(Finding nos. 8 and 18 cite NAFI for failure to adequately document its instructional schedule.)

Management's Response - Management contends: "Because of the requirement to provide individualized education for every student based on assessments, needs, and goals, we are allowed flexibility in times and locations where aspects of educational services are provided. The bell schedule reflects general guidelines required to show the minimum 300 minutes of instruction in required classes. The handbook is provided to students as a courtesy and is not an official document."

Auditors' Resolution - FTE is calculated, reported, and funded based on the instructional time provided in standard course schedules; consequently, instructional time and course schedules must be clearly documented in order for FTE to be adequately supported. Additionally, the use of surveys to report FTE is based on the assumption that course schedules have a substantial measure of uniformity and consistency throughout a school term. Thus, the instructional time and course schedule reported in any given survey should be representative of the instructional time and course schedule provided throughout the school term covered by that survey. Finding nos. 8 and 18 stand as presented herein.

Finding Nos. 3 and 13

(Finding nos. 3 and 13 cited NAFI for not taking student attendance on a daily basis and failure to officially designate, systematically prepare, and appropriately maintain student attendance records in readily accessible files.)

Management's Response - Management contends that it "maintains many methods to verify student attendance records" including "instructional assessment, grade books or electronic records maintained by teachers; weekly progress reports, and weekly level board documents." Management also stated that one of the students cited in finding no. 3 for NAFI's Halfway House was actually enrolled in NAFI's SHOP.

Auditors' Resolution - The specific deficiencies and students cited in finding nos. 3 and 13 are not addressed in management's response, except for the one student mentioned from finding no. 3; however, management did not submit any supporting documentation for this particular student.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
SUMMARY OF MANAGEMENT'S RESPONSE
For the Fiscal Year Ended June 30, 2002

Finding Nos. 3 and 13 (Continued)

FEFP requires that student attendance be taken on a daily basis and that there be a connection between student attendance and the instructional programs being provided in the classroom. The purpose of student attendance records is to provide support that students have attended instructional programs in the classroom according to an established standard instructional schedule and calendar.

Although NAFI did have a variety of records that had some general applicability to student attendance, there was no officially designated, daily record of student attendance in classroom instruction. Furthermore, there was a general lack of organization in the records that were available. Consequently, as stated in finding nos. 3 and 13, the attendance of any particular student during a given survey was not appropriately documented and readily determinable as it should have been.

Accordingly, finding nos. 3 and 13 stand as presented herein.

Finding Nos. 4 and 14

(Finding nos. 4 and 14 cite NAFI for overreporting FTE for students in the June survey.

Management's Response - Management contends that "the last survey period of the school year is commonly used to capture any additional days not previously reported for FTE calculation. As long as no more than 250 instructional days were used to calculate FTE for a given school year, there should be no issue."

Auditors' Resolution - The *FTE General Instructions* specify that "DJJ FTE will be calculated just as all other FTE are calculated based on scheduled instructional days." Contrary to management's contention, there is no provision to capture in the June survey "any additional days not previously reported." Accordingly, finding nos. 4 and 14 stand as presented herein.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
SUMMARY OF MANAGEMENT'S RESPONSE
For the Fiscal Year Ended June 30, 2002

Finding No. 15

(Finding no. 15 cites NAFI for reporting five students who were ineligible to be reported for FEFP funding.)

Management's Response - Management contends that three of the five students were properly reported. According to management: one of the three students cited in 15a was in attendance on July 16, the first day of the July survey; the student cited in 15b was in attendance on February 4, the first day of the February survey; and the student cited in 15c began education assessments on February 8, the last day of the February survey.

Auditors' Resolution - Our examination procedures disclosed the following: NAFI's automated records indicate that the student cited in 15a had withdrawn from NAFI on June 16, 2001, approximately one month prior to the July survey; log book entries indicate that the student cited in 15b did not receive instruction on February 4; and there is no documentation to support management's contention that the student cited in 15c began educational assessments and instruction on February 8. Accordingly, finding no. 15 stands as presented herein.

Finding No. 5

(Finding no. 5 cites NAFI for one student whose date of withdrawal was not clearly documented.)

Management's Response - Management states: "We have addressed this issue in a variety of responses that can be referred to above."

Auditors' Resolution - Management did not provide any documentation to support the attendance and membership of the student cited in finding no. 5. Accordingly, that finding stands as presented herein.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
SUMMARY OF MANAGEMENT'S RESPONSE
For the Fiscal Year Ended June 30, 2002

Finding Nos. 9 and 19

(Finding nos. 9 and 19 cite NAFI for including noninstructional days for FEFP funding.)

Management's Response - Management contends that instruction was provided as reported by NAFI. To support this contention, management provided us with additional documentation in a large three-ring binder. This additional documentation consisted of log sheets, minutes from staff meetings, and the guidebooks and manuals that were used for parent days and normative training activities.

Auditors' Resolution - We examined the documentation provided by management and concluded that it contained evidence of instructional activities. In particular, we noted that the submitted log sheets had essentially the same evidential quality as those previously accepted by us and used for our related tests of attendance, instructional schedules, and Class Minutes, Weekly. Accordingly, we have resolved finding nos. 9 and 19 in the favor of NAFI.

This resolution also affected the number of instructional days used by us to compute the audit adjustments for finding nos. 8 and 18; consequently, we have recomputed those audit adjustments based on the original number of instructional days.

SCHEDULE A

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
**FULL-TIME EQUIVALENT (FTE) STUDENTS
POPULATIONS, SAMPLES, AND TEST RESULTS**
For the Fiscal Year Ended June 30, 2001

<u>Description</u> ¹	<u>Number</u>	<u>% of Pop. (Sample)</u>	<u>Unweighted FTE Reported</u> ²
<u>Students</u>			
Population ³	97	100.00%	52.3464
Sample Size ⁴	97	100.00%	52.3464
Students w/Exceptions	97	(100.00%)	-
Net Audit Adjustments ⁵	-	-	(11.7931)
 <u>Teachers</u> ⁶			
Population	12	100.00%	-
Sample Size ⁴	12	100.00%	-
Exceptions ⁶	11	(91.67%)	-

¹ See NOTE A7.

² Unweighted full-time equivalent (FTE) students represents FTE prior to the application of the applicable cost factor for each program. (See NOTE A5.)

³ The population shown for the number of students is the total number of students reported by NAFI. The population shown for full-time equivalent (FTE) students is the total of the figures reported for each survey conducted for the fiscal year ended June 30, 2001. (See NOTE A6.)

⁴ See NOTE B.

⁵ These audit adjustments present the net effects of the instances of noncompliance disclosed by our examination procedures, including those related to our tests of teacher certification (see footnote 6 and SCHEDULE D).

⁶ Our examination procedures, which tested the qualifications of each of the 12 teachers reported by NAFI, disclosed exceptions involving 11 of those 12 teachers. (See SCHEDULE D, finding nos. 1, 2, 9, and 10.)

The accompanying notes are an integral part of this schedule.

SCHEDULE B

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
EFFECT OF AUDIT ADJUSTMENTS ON WEIGHTED FTE
(For Illustrative Purposes Only)
For the Fiscal Year Ended June 30, 2001

<u>No.</u>	<u>Program</u> ¹	<u>Net Audit Adjustment</u> ²	<u>Cost Factor</u>	<u>Weighted FTE</u> ³
102	Basic 4-8	.4474)	1.000	.4474
103	Basic 9-12	1.5451	1.096	1.6934
112	Grades 4-8 with ESE Services	(1.9697)	1.000	(1.9697)
113	Grades 9-12 with ESE Services	(10.8582)	1.096	(11.9006)
300	Vocational 6-12	<u>(.9577)</u>	1.211	<u>(1.1598)</u>
Total		<u>(11.7931)</u>		<u>(12.8893)</u>

¹ See NOTE A7.

² These adjustments are for unweighted FTE. (See SCHEDULE C.)

³ *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. (See NOTE A5.)*

The accompanying notes are an integral part of this schedule.

SCHEDULE C

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
AUDIT ADJUSTMENTS BY REPORTED COST CENTER
For the Fiscal Year Ended June 30, 2001

Audit Adjustments¹

<u>No.</u>	<u>Program</u>	<u>#2011</u>	<u>#2021</u>	<u>Total</u>
102	Basic 4-8	(.4991)	.9465	.4474
103	Basic 9-12	(.0956)	1.6407	1.5451
112	Grades 4-8 with ESE Services	(.1101)	(1.8596)	(1.9697)
113	Grades 9-12 with ESE Services	(2.2287)	(8.6295)	(10.8582)
300	Vocational 6-12	(.4965)	(.4612)	(.9577)
Total		<u>(3.4300)</u>	<u>(8.3631)</u>	<u>(11.7931)</u>

¹ These adjustments are for unweighted FTE. (See NOTE A5.)

The accompanying notes are an integral part of this schedule.

SCHEDULE D

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2001

Overview

The management of the North American Family Institute, Inc. (NAFI), is responsible for determining and reporting the number of full-time equivalent (FTE) students in compliance with requirements of the Florida Education Finance Program (FEFP). These requirements are found primarily in Chapter 236, Florida Statutes, and State Board of Education Rules, Chapter 6A-1, Florida Administrative Code, and secondarily in Chapters 228 through 234, Florida Statutes, and State Board of Education Rules, Chapters 6A-4 and 6A-6, Florida Administrative Code. In our opinion, because of instances of material noncompliance involving the documentation of instructional hours in the daily instructional schedule, student attendance records, and the qualifications of teachers, NAFI did not comply, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2001. Our recommendations may be found on [page 39](#).

Findings

**Net Audit
Adjustment
(Unweighted FTE)**

Intensive Halfway House (IHH) (#2011)

1. [Ref. 201101/02/05] Three teachers were approved by the School Board in a prior school year to teach out-of-field; however, none of the teachers earned the required six hours of college credit towards certification in their respective out-of-field subject areas. Consequently, the teachers were not in compliance with State Board of Education Rule 6A-1.0503, Florida Administrative Code, which define qualified instructional personnel. We made the following audit adjustments:

<u>Ref. 201101</u>			
103 Basic 9-12		.1250	
300 Vocational 6-12		<u>(.1250)</u>	.0000
<u>Ref. 201102</u>			
103 Basic 9-12		.1358	
113 Grades 9-12 with ESE Services		<u>(.1358)</u>	.0000
<u>Ref. 201105</u>			
103 Basic 9-12		.2694	
113 Grades 9-12 with ESE Services		<u>(.2694)</u>	.0000

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2001

**Net Audit
 Adjustment
 (Unweighted FTE)**

Findings

Intensive Halfway House (IHH) (#2011) (Continued)

2. [Ref. 201103/06] Two teachers who taught during the school terms covered by the October and February surveys did not hold Florida teaching certificates. Consequently, the teachers did not meet the provisions of State Board of Education Rule 6A-1.0503, Florida Administrative Code, which define qualified instructional personnel. We made the following audit adjustments:

<u>Ref. 201103</u>			
103	Basic 9-12	.2500	
113	Grades 9-12 with ESE Services	<u>(.2500)</u>	.0000
<u>Ref. 201106</u>			
103	Basic 9-12	.1250	
113	Grades 9-12 with ESE Services	<u>(.1250)</u>	.0000

3. [Ref. 201110] Student attendance was not taken on a daily basis and student attendance records were not officially designated, systematically prepared, and appropriately maintained in readily accessible files. Consequently, the attendance of any particular student during a given survey was not appropriately documented and readily determinable as it should have been. However, except for 6 students in various surveys, we were able to verify the attendance of each of the 38 students at the Intensive Halfway House (IHH) for at least one day of each survey, by reference to one or more of the following records: instructional logs, teacher grade books, computer-instruction reports, and student weekly performance reports. We made the following audit adjustments for 3 of the 6 students whose attendance was not supported (the other three are adjusted in finding no. 4):

102	Basic 4-8	(.1944)	
103	Basic 9-12	(.3750)	
113	Grades 9-12 with ESE Services	(.0776)	
300	Vocational 6-12	<u>(.1250)</u>	(.7720)

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2001

<u>Findings</u>	<u>Net Audit Adjustment (Unweighted FTE)</u>
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Intensive Halfway House (IHH) (#2011) (Continued)

4. [Ref. 201111] Three students (two in the October survey and one in the February survey) were released prior to that survey and should not have been reported with the survey's results. We made the following audit adjustments:

103	Basic 9-12	(1.3750)	
300	Vocational 6-12	<u>(.1250)</u>	(1.5000)

5. [Ref. 201112] The files for three Exceptional students (one in the July survey, one in the February survey, and one in the June survey) did not contain Individual Education Plans (IEPs) that were valid for the survey concerned. We made the following audit adjustments:

103	Basic 9-12	.6470	
113	Grades 9-12 with ESE Services	<u>(.6470)</u>	.0000

6. [Ref. 201113] The Individual Education Plans (IEPs) for two Exceptional students in the July survey indicated that no Exceptional services were to be provided to the students in the summer. Consequently, the students were not eligible to be reported in Exceptional education during the July survey. We made the following audit adjustments:

103	Basic 9-12	.1552	
113	Grades 9-12 with ESE Services	<u>(.1552)</u>	.0000

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2001

**Net Audit
 Adjustment
 (Unweighted FTE)**

Findings

Intensive Halfway House (IHH) (#2011) (Continued)

7. [Ref. 201114] The reported number of Class Minutes, Weekly (CMW) did not agree with the instructional schedule shown in NAFI's Student Handbook. Management advised us that the actual instructional schedule was flexible and could vary from week to week; thus, it did not strictly adhere to the class times published in the Student Handbook. However, there was no documentation of the instructional schedule that was in place at any particular point during the school year.

In light of the above circumstances, we concluded that the instructional schedule shown in NAFI's Student Handbook was unreliable. However, we were able to reconstruct a schedule for each survey using NAFI's log books, which kept track of student movements and locations on a daily basis. Using these reconstructed schedules, we determined that the CMW reported for 24 students in the various surveys was overstated. We made the following audit adjustments:

102	Basic 4-8	(.3047)	
103	Basic 9-12	(.0530)	
112	Grades 4-8 with ESE Services	(.1101)	
113	Grades 9-12 with ESE Services	(.5687)	
300	Vocational 6-12	<u>(.1215)</u>	(1.1580)

(The above audit adjustments were reduced from those presented in our draft report due to the effects of our resolution of management's response to finding no. 8. See Auditors' Resolution on [page 38](#).)

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2001

**Net Audit
 Adjustment
(Unweighted FTE)**

Findings

Intensive Halfway House (IHH) (#2011) (Continued)

8. [Ref. 201116] The number of days-in-term used to calculate the FTE for the 38 students in NAFI SHOP during the fiscal year ended June 30, 2001, incorrectly included days in which no instruction occurred. Total reported days were 250 (35 days for the school term covered by the July survey; plus 90 days for the school term covered by the October survey; 90 days for the school term covered by the February survey; and 35 days for the school term covered by the June survey). However, actual instructional days were only 212 (32 days for July; plus 75 for October; 76 for February; and 30 for June). We made the following audit adjustments to reflect FTE computed using 212 days of instruction:

102	Basic 4-8	(.2498)	
103	Basic 9-12	.0160	
112	Grades 4-8 with ESE Services	(.0942)	
113	Grades 9-12 with ESE Services	(.5828)	
300	Vocational 6-12	<u>(.0971)</u>	(1.0079)

Management's Response - See [page 38](#).

Auditors' Resolution - See [page 38](#). We have resolved this finding in the favor of NAFI:

102	Basic 4-8	.2498	
103	Basic 9-12	(.0160)	
112	Grades 4-8 with ESE Services	.0942	
113	Grades 9-12 with ESE Services	.5828	
300	Vocational 6-12	<u>.0971</u>	<u>1.0079</u>
			<u>(3.4300)</u>

NAFI Severe Habitual Offender's Program (SHOP) (#2021)

9. [Ref. 202101/04/06] Three teachers who taught during the school terms covered by the July and October surveys did not hold Florida teaching certificates. Consequently, the teachers did not meet the provisions of State Board of Education Rule 6A-1.0503, Florida Administrative Code, which define qualified instructional personnel. We made the following audit adjustments:

The accompanying notes are an integral part of this schedule.

SCHEDULE D (Cont.)

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2001

Findings
NAFI Severe Habitual Offender's Program (SHOP) (#2021) (Continued)
Net Audit Adjustment (Unweighted FTE)

<u>Ref. 202101</u>			
102	Basic 4-8	.0776	
112	Grades 4-8 with ESE Services	<u>(.0776)</u>	.0000
<u>Ref. 202104</u>			
102	Basic 4-8	.2500	
103	Basic 9-12	.6250	
112	Grades 4-8 with ESE Services	<u>(.2500)</u>	
113	Grades 9-12 with ESE Services	<u>(.6250)</u>	.0000
<u>Ref. 202106</u>			
102	Basic 4-8	.5000	
103	Basic 9-12	.6250	
112	Grades 4-8 with ESE Services	<u>(.5000)</u>	
113	Grades 9-12 with ESE Services	<u>(.6250)</u>	.0000

10. [Ref. 202102/03/05] Three teachers were approved by the School Board in a prior school year to teach out-of-field; however, the teachers did not earn the required six hours of college credit towards certification in their respective out-of-field subject areas. Consequently, the teachers were not in compliance with State Board of Education Rule 6A-1.0503, Florida Administrative Code, which define qualified instructional personnel. We made the following audit adjustments:

<u>Ref. 202102</u>			
103	Basic 9-12	.2500	
300	Vocational 6-12	<u>(.2500)</u>	.0000
<u>Ref. 202103</u>			
103	Basic 9-12	.1164	
113	Grades 9-12 with ESE Services	<u>(.1164)</u>	.0000
<u>Ref. 202105</u>			
102	Basic 4-8	.2500	
103	Basic 9-12	1.2888	
112	Grades 4-8 with ESE Services	<u>(.2500)</u>	
113	Grades 9-12 with ESE Services	<u>(1.2888)</u>	.0000

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2001

	Net Audit Adjustment (Unweighted FTE)
Findings	
<u>NAFI Severe Habitual Offender's Program (SHOP) (#2021)</u>	(Continued)

11. [Ref. 202110] Student attendance was not taken on a daily basis and student attendance records were not officially designated, systematically prepared, and appropriately maintained in readily accessible files. Consequently, the attendance of any particular student during a given survey was not appropriately documented and readily determinable as it should have been. However, except for 4 students in the various surveys, we were able to verify the attendance of each of the 59 students at the Intensive Halfway House (IHH) for at least one day of each survey, by reference to one or more of the following records: instructional logs, teacher grade books, computer-instruction reports, and student weekly performance reports. We made the following audit adjustment for 1 of the 4 students whose attendance was not supported (the other three students are adjusted in finding no. 12):

103	Basic 9-12	(.1944)	(.1944)
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12. [Ref. 202111] Three students in the July, October, and February surveys were released prior to those surveys and should not have been reported with the surveys' results. We made the following audit adjustments:

103	Basic 9-12	(.5000)	
113	Grades 9-12 with ESE Services	(1.1552)	(1.6552)

13. [Ref. 202112] The Individual Educational Plans (IEPs) for five Exceptional students (three in the February survey and two in the June survey) were not prepared until after the surveys concerned; thus, the students should have been reported in Basic education rather than in Exceptional education. We made the following audit adjustments:

102	Basic 4-8	.5000	
103	Basic 9-12	1.3888	
112	Grades 4-8 with ESE Services	(.5000)	
113	Grades 9-12 with ESE Services	(1.3888)	.0000

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2001

	Net Audit Adjustment (Unweighted FTE)
Findings	
<u>NAFI Severe Habitual Offender's Program (SHOP) (#2021)</u>	(Continued)

14. [Ref. 202113] The Individual Education Plans (IEPs) for seven Exceptional students in the July survey indicated that no Exceptional services were to be provided to the students in the summer. Consequently, the students were not eligible to be reported in Exceptional education during the July survey. We made the following audit adjustments:

103	Basic 9-12	.4656	
113	Grades 9-12 with ESE Services	(.4656)	.0000

15. [Ref. 202114] The file for one Exceptional student in the July and October surveys was missing and could not be located. We made the following audit adjustments:

103	Basic 9-12	.5776	
113	Grades 9-12 with ESE Services	(.5776)	.0000

16. [Ref. 202115] The reported number of Class Minutes, Weekly (CMW) did not agree with the instructional schedule shown in NAFI's Student Handbook. Management advised us that the actual instructional schedule was flexible and could vary from week to week; thus, it did not strictly adhere to the class times published in the Student Handbook. However, there was no documentation of the actual instructional schedule that was in place at any particular point during the fiscal year. In light of the above circumstances, we concluded that the instructional schedule shown in NAFI's Student Handbook was unreliable. However, we were able to reconstruct a schedule for each survey using NAFI's log books, which kept track of student movements and locations on a daily basis. Using these reconstructed schedules, we determined that the CMW reported for 44 students in various surveys was overstated. We made the following audit adjustments:

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
 For the Fiscal Year Ended June 30, 2001

<u>Findings</u>	<u>Net Audit Adjustment</u>	<u>(Unweighted FTE)</u>
<u>NAFI Severe Habitual Offender's Program (SHOP) (#2021)</u> (Continued)		
102 Basic 4-8	(.6311)	
103 Basic 9-12	(3.0021)	
112 Grades 4-8 with ESE Services	(.2820)	
113 Grades 9-12 with ESE Services	(2.3871)	
300 Vocational 6-12	<u>(.2112)</u>	(6.5135)

(The above audit adjustments were reduced from those presented in our draft report due to the effects of our resolution of management's response to finding no. 17. See Auditors' Resolution on [page 38](#).)

17. [Ref. 202116] The number of days-in-term used to calculate the FTE for the 59 students in NAFI SHOP during the fiscal year ended June 30, 2001, incorrectly included days in which no instruction occurred. Total reported days were 250 (35 days for the school term covered by the July survey; plus 90 days for the school term covered by the October survey; 90 days for the school term covered by the February survey; and 35 days for the school term covered by the June survey). However, actual instructional days were only 212 (31 days for July; plus 75 for October; 76 for February; and 30 for June). We made the following audit adjustments to reflect FTE Earned computed using 212 days of instruction:

102 Basic 4-8	(.1826)	
103 Basic 9-12	(.7459)	
112 Grades 4-8 with ESE Services	(.1833)	
113 Grades 9-12 with ESE Services	(1.3211)	
300 Vocational 6-12	<u>(.1164)</u>	(2.5493)

Management's Response - See [page 38](#).

Auditors' Resolution - See [page 38](#). We have resolved this finding in the favor of NAFI:

SCHEDULE D (Cont.)

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
FINDINGS AND AUDIT ADJUSTMENTS
For the Fiscal Year Ended June 30, 2001

<u>Findings</u>		<u>Net Audit Adjustment (Unweighted FTE)</u>
<u>NAFI Severe Habitual Offender's Program (SHOP) (#2021)</u>	(Continued)	
102 Basic 4-8	.1826	
103 Basic 9-12	.7459	
112 Grades 4-8 with ESE Services	.1833	
113 Grades 9-12 with ESE Services	1.3211	
300 Vocational 6-12	<u>.1164</u>	<u>2.5493</u>
Audit Adjustments Subtotal - SHOP		<u>(8.3631)</u>
Total Audit Adjustments		<u>(11.7931)</u>

The accompanying notes are an integral part of this schedule.

SCHEDULE E

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
SUMMARY OF MANAGEMENT'S RESPONSE - NAFI
For the Fiscal Year Ended June 30, 2001

Finding Nos. 1, 2, 9, and 10

(Finding nos. 2 and 9 cite NAFI for teachers who did not hold Florida teaching certificates.)

(Finding nos. 1 and 10 cite NAFI for teachers who did not earn the college credits required in the teachers' out-of-field areas)

Management's Response - Management addresses only the issue of out-of-field teacher designations in juvenile justice settings and whether School Board approvals of such designations are required. Management does not address NAFI's use of noncertified teachers (finding nos. 2 and 9) or the failure of out-of-field teachers to earn required college credits (finding nos. 1 and 10).

Auditors' Resolution - Since management did not respond to the specific exceptions cited in finding nos. 1, 2, 9, and 10, those findings stand as presented herein.

Finding Nos. 7 and 16

(Finding nos. 7 and 16 cite NAFI for failure to properly document its instructional schedule.)

Management's Response - Management contends: "Because of the requirement to provide individualized education for every student based on assessments, needs, and goals, we are allowed flexibility in times and locations where aspects of educational services are provided. The bell schedule reflects general guidelines required to show the minimum 300 minutes of instruction in required classes. The handbook is provided to students as a courtesy and is not an official document."

Auditors' Resolution - FTE is calculated, reported, and funded based on the instructional time provided in standard course schedules; consequently, instructional time and course schedules must be clearly documented in order for FTE to be adequately supported. Additionally, the use of surveys to report FTE is based on the assumption that course schedules have a substantial measure of uniformity and consistency throughout a school term. Thus, the instructional time and course schedule reported in any given survey should be representative of the instructional time and course schedule provided throughout the school term covered by that survey. Finding nos. 7 and 16 stand as presented herein.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
SUMMARY OF MANAGEMENT'S RESPONSE
For the Fiscal Year Ended June 30, 2001

Finding Nos. 3 and 11

(Finding nos. 3 and 11 cited NAFI for not taking student attendance on a daily basis and failure to officially designate, systematically prepare, and appropriately maintain student attendance records in readily accessible files.)

Management's Response - Management contends that it "maintains many methods to verify student attendance records" including "instructional assessment, grade books or electronic records maintained by teachers; weekly progress reports, and weekly level board documents."

Auditors' Resolution - The specific deficiencies and students cited in our finding nos. 3 and 11 regarding NAFI's student attendance records are not addressed in management's response.

FEFP requires that student attendance be taken on a daily basis and that there be a connection between student attendance and the instructional programs being provided in the classroom. The purpose of student attendance records is to provide support that students have attended instructional programs in the classroom according to the established standard instructional schedule and calendar.

Although NAFI did have a variety of records that had some general applicability to student attendance, there was no officially designated, daily record of student attendance in classroom instruction. Furthermore, there was a general lack of organization in the records that were available. Consequently, as stated in finding nos. 3 and 11, the attendance of any particular student during a given survey was not appropriately documented and readily determinable as it should have been.

Accordingly, finding nos. 3 and 11 stand as presented herein.

Finding No. 15

(Finding no. 15 cites NAFI for an Exceptional student whose file was missing and could not be located.)

Management's Response - Management contends that the missing file was located in the "new Education Coordinator's file cabinet."

Auditors' Resolution - Management did not submit copies of the student's records with its response. Consequently, finding no. 15 stands as presented herein.

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
SUMMARY OF MANAGEMENT'S RESPONSE
For the Fiscal Year Ended June 30, 2001

Finding No. 4

(Finding no. 4 cites NAFI for three students who should not have been reported for FEFP funding because they were released prior to survey.)

Management 's Response - Management contends that one of the students was "in attendance and accurately reported.

Auditors' Resolution - The student referred to in management's response was previously cleared from our finding prior to the issuance of our draft report. Accordingly, finding no. 4 stands as presented herein.

Finding Nos. 6 and 14

(Finding nos. 6 and 14 cite NAFI for Exceptional students who were not authorized by their Individual Educational Plans (IEPs) to receive Exceptional services during the summer terms.)

Management's Response - Management states: "DJJ schools are statutorily required to be year-round and cannot define summer school as an extension of their school year. It is appropriate and accurate for IEPs developed in DJJ to reflect 'no need for ESY [extended school year} services' when there, in fact, exists no extended school year. ESE services are provided year-round in DJJ programs."

Auditors' Resolution - The delivery of Exceptional services is governed by a student's IEP. In the cases cited, the IEPs specifically indicate that Exceptional services are not authorized for, and in fact exclude, the summer terms. Accordingly, finding nos. 6 and 14 stand as presented herein.

Finding No. 12

(Finding no. 12 cites NAFI for three students who should not have been reported for FEFP funding because they were released prior to survey.)

Management's Response - Management states: "We have addressed this issue in a variety of responses that can be referred to above."

Auditors' Resolution - Management did not provide any documentation to support the attendance of the students cited in finding no. 12. Accordingly, that finding stands as presented herein.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
SUMMARY OF MANAGEMENT'S RESPONSE
For the Fiscal Year Ended June 30, 2001

Finding Nos. 8 and 17

(Finding nos. 8 and 17 cite NAFI for including noninstructional days for FEFP funding.)

Management's Response - Management contends that instruction was provided as reported by NAFI. To support this contention, management provided us with additional documentation in a large three-ring binder. This additional documentation consisted of log sheets, minutes from staff meetings, and the guidebooks and manuals that were used for parent days and normative training activities.

Auditors' Resolution - We examined the documentation provided by management and concluded that it contained evidence of instructional activities. In particular, we noted that the submitted log sheets had essentially the same evidential quality as those previously accepted by us and used for our related tests of attendance, instructional schedules, and Class Minutes, Weekly. Accordingly, we have resolved finding nos. 8 and 17 in the favor of NAFI.

This resolution also affected the number of instructional days used by us to compute the audit adjustments for finding nos. 7 and 16; consequently, we have recomputed those audit adjustments based on the original number of instructional days.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)

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

For the Fiscal Years Ended June 30, 2001 and June 30, 2002

Recommendations

We recommend that District management take appropriate corrective action to ensure the compliance of contracted educational providers with FEFP requirements, so that: (1) student attendance is taken on a daily basis using appropriate automated and manual systems; (2) attendance documentation is appropriately prepared and maintained in readily accessible files; (3) the FEFP-required minimum number of instructional days and instructional hours is provided at all contracted facilities; (4) course schedules are supported by documented bell schedules and daily records of instructional activities; (5) only eligible students who were in attendance and membership for a particular survey are reported for FEFP funding; (6) students are reported in the proper funding categories and have proper documentation to support that reporting, particularly with regard to students in Exceptional education; and (7) teachers are properly certified or, if out-of-field from a prior year, have completed their required in-service and college education requirements on a timely basis.

The absence of statements in this report regarding practices and procedures followed by the District or NAFI 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 District's or NAFI's obligation to comply with all of the statutory and rule provisions governing the Florida Education Finance Program (FEFP).

Regulatory Citations

Reporting

Section 236.02, F.S.Minimum Requirements of Florida
Education Finance Program (FEFP)
Section 236.013, F.S.Definitions
Section 236.081, F.S.Funds for Operation of Schools
Rule 6A-1.0451, F.A.C.FEFP Student Membership Surveys
Rule 6A-1.04513, F.A.C.Maintaining Auditable FTE Records
FTE General Instructions

Attendance

Section 232.021, F.S.Attendance Records and Reports
Required
Section 232.022, F.S.Attendance Defined
Section 232.2462, F.S.Attendance Requirement for Receipt of
High School Credit; Definition of Credit
Rule 6A-1.04513, F.A.C.Maintaining Auditable FTE Records

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS
RECOMMENDATIONS AND REGULATORY CITATIONS
For the Fiscal Years Ended June 30, 2001 and June 30, 2002

Regulatory Citations (Continued)

Attendance (Continued)

Rule 6A-1.044(3)&(6)(c), F.A.C. ..Pupil Attendance Records
FTE General Instructions
Comprehensive Management Information System: Automated Student Attendance
Recordkeeping System

Exceptional Education

Section 230.23(4)(m)5., F.S.Powers and Duties of School Board:
Exceptional Students
Section 236.025, F.S.Revised Funding Model for Exceptional
Student Education Programs
Section 236.081, F.S.Funds for Operation of Schools
Rule 6A-6.03028, F.A.C.Development of Individual Educational
Plans for Exceptional Students
Rule 6A-6.03029, F.A.C.Development of Family Support Plans
for Children with Disabilities Ages Birth Through Five Years
Rule 6A-6.0312, F.A.C.Course Modification for Exceptional
Students
Rule 6A-6.0331, F.A.C.Identification and Assignment of
Exceptional Students to Special Programs
Rule 6A-6.0334, F.A.C.Temporary Assignment of Transferring
Exceptional Students
Rule 6A-6.03411, F.A.C.Special Programs and Procedures for
Exceptional Students

Teacher Certification

Section 231.095, F.S.Teachers Assigned Teaching Duties
Outside Field in Which Certified
Section 231.15, F.S.Positions for Which Certificates
Required
Section 233.058, F.S.English Language Instruction for
Limited English Proficient Students
Rule 6A-1.0502, F.A.C.Noncertificated Instructional
Personnel
Rule 6A-1.0503, F.A.C.Qualified Instructional Personnel
Rule 6A-4.001, F.A.C.Instructional Personnel Certification
Rule 6A-6.0521, F.A.C.Definitions and Requirements Which
Apply to All Dropout Prevention Programs

The accompanying notes are an integral part of this schedule.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS

NOTES TO SCHEDULES

For the Fiscal Years Ended June 30, 2001 and June 30, 2002

NOTE A - SUMMARY

A summary discussion of the essential features of the School District of Walton County, the North American Family Institute, Inc. (NAFI), the Florida Education Finance Program (FEFP), full-time equivalent (FTE) students, and related areas follows:

1. School District of Walton County

The School District of Walton County was established pursuant to Section 230.01, Florida Statutes, to provide public educational services for the residents of Walton County, Florida. Those services are provided primarily to students attending kindergarten through high school, but also to adults seeking vocational-type training.

The District is part of the State system of public education under the general direction and control of the State Board of Education. The geographic boundaries of the District are those of Walton County. The governing body of the District is the District School Board, which is composed of five elected members. The executive officer of the Board is the elected Superintendent of Schools. The Board members and Superintendent of Schools who served during the respective examination periods were:

For the Fiscal Year Ended June 30, 2002

1. Donnie Richardson, Chairman
2. Mark D. Davis, Vice-Chairman
3. Mildred Wilkerson
4. Darrell Barnhill
5. Jerry Jones
6. Coy M. Yates, Superintendent

For the Fiscal Year Ended June 30, 2001

1. Donnie Richardson, Chairman
2. Mark D. Davis, Vice-Chairman
3. Mildred Wilkerson (from 11/21/00)
4. Darrell Barnhill
5. Jerry Jones
6. Susan B. Adkinson (to 11/20/00)
7. John F. "Jack" Bludworth, Superintendent to 11/20/00
8. Coy M. Yates, Superintendent from 11/21/00 to present

For the fiscal years ended June 30, 2002 and June 30, 2001, the District reported 53.4356 and 52.3464 full-time equivalent (FTE) students, respectively, for NAFI.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS

NOTES TO SCHEDULES

For the Fiscal Years Ended June 30, 2001 and June 30, 2002

NOTE A - SUMMARY (Continued)

2. North American Family Institute, Inc. (NAFI)

The North American Family Institute, Inc. (NAFI) is a not-for-profit corporation of the Commonwealth of Massachusetts registered to do business in the State of Florida. NAFI was contracted by the District to provide alternative educational programs and related training to students who had been committed to the Department of Juvenile Justice for the 2000-01 and 2001-02 school years. NAFI operated two primary programs: a residential program called the Intensive Halfway House (IHH) and a residential treatment program called the Serious and Habitual Offender Program (SHOP). The District did not renew its contract with NAFI after the 2001-02 school year.

3. Florida Education Finance Program (FEFP)

Florida school districts receive State funding through the Florida Education Finance Program (FEFP), which was established by the Florida Legislature in 1973. It is the intent of the law "to guarantee to each student in the Florida public school system the availability of programs and services appropriate to his educational needs which 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.

4. Full-Time Equivalent (FTE) Students

The funding provided by FEFP is based upon the numbers of individual students participating in particular educational programs. A numerical value is assigned to each student according to the student's hours and days of attendance in those programs. The individual student thus becomes equated to a numerical value known as an unweighted FTE (full-time equivalent) student. For example, for kindergarten through third grade, one FTE is defined as one student in membership in a program or a group of programs for 20 hours per week for 180 days; for grade levels four through twelve, one FTE is defined as one student in membership in a program or a group of programs for 25 hours per week for 180 days.

School District of Walton County, Florida
North American Family Institute, Inc. (NAFI)
Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS

NOTES TO SCHEDULES

For the Fiscal Years Ended June 30, 2001 and June 30, 2002

NOTE A - SUMMARY (Continued)

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, full-time equivalent (FTE) students 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.

6. FTE Surveys

FTE is determined and reported during the school year by means of four FTE membership surveys, which are conducted under the direction of district and school management. Each survey is a sampling of FTE membership for a period of one week. The surveys for the 2001-2002 and 2000-2001 school years, respectively, were conducted during and for the following weeks: survey one was performed for July 16-20, 2001, and July 17-21, 2000; survey two was performed for October 8-12, 2001, and October 9-13, 2000; survey three was performed for February 4-8, 2002, and February 5-9, 2001; and survey four was performed for June 17-21, 2002, and June 18-22, 2001.

7. Educational Programs

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) English for Speakers of Other Languages (ESOL); (3) Exceptional; and (4) Vocational (6-12).

8. Statutes and Rules

The following statutes and rules are of significance to the administration of Florida public education and the Florida Education Finance Program (FEFP):

Chapter 228, F.S.Public Education: General Provisions
Chapter 229, F.S.Functions of State Educational Agencies
Chapter 230, F.S.District School System
Chapter 231, F.S.Personnel of School System
Chapter 232, F.S.Compulsory School Attendance; Child Welfare
Chapter 233, F.S.Courses of Study and Instructional Aids

School District of Walton County, Florida
 North American Family Institute, Inc. (NAFI)
 Florida Education Finance Program (FEFP)
FULL-TIME EQUIVALENT (FTE) STUDENTS

NOTES TO SCHEDULES

For the Fiscal Years Ended June 30, 2001 and June 30, 2002

NOTE A - SUMMARY (Continued)

- Chapter 234, F.S.Transportation of School Children
- Chapter 236, F.S.Finance and Taxation; Schools
- Chapter 6A-1, F.A.C. ...Finance and Administration
- Chapter 6A-3, F.A.C. ...Transportation
- Chapter 6A-4, F.A.C. ...Certification
- Chapter 6A-6, F.A.C. ...Special Programs I

NOTE B - EXAMINATION PROCEDURES

Our examination procedures were applied to the entire population of students and teachers reported to the Department of Education for the North American Family Institute, Inc. (NAFI) under the Florida Education Finance Program (FEFP) for the fiscal years ending June 30, 2002 and June 30, 2001. Our examination procedures were designed to facilitate the performance of appropriate tests to determine the NAFI's compliance with applicable Florida Statutes and State Board of Education Administrative Rules. Our findings appear in this report as shown below:

<u>Fiscal Year/Program Name</u>	<u>Finding Number(s)</u>
<u>For the Fiscal Year Ended June 30, 2002</u>	
1. Intensive Halfway House (IHH) #2011	1 through 9
2. Severe Habitual Offender's Program (SHOP) #2021	10 through 19
<u>For the Fiscal Year Ended June 30, 2001</u>	
1. Intensive Halfway House (IHH) #2011	1 through 8
2. Severe Habitual Offender's Program (SHOP) #2021	9 through 17



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North American Family
Institute/DeFuniak Springs
286 Gene Hurley Rd.
DeFuniak Springs, FL 32435
(850) 892-8580/8581
FAX - (850) 892-8584

May 1, 2003,

Mr. William O. Monroe, CPA
Auditor General
Room 412C, Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr Monroe,

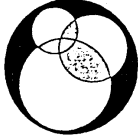
North American Family Institute, Inc submitted an initial response to the preliminary audit findings on November 21, 2002. (Volume 1). In addition, NAFL/DFS would like the Auditor General to consider the response to address loss school days submitted on April 17, 2003. (Volume 2, with 12 attachments).

There was one other minor discrepancy stated in the meeting on April 17, 2003. All students were cleared with the exception of [REDACTED]. He was reported for Halfway House and should have been listed under the SHOP program. Incidentally, this client is still in the SHOP program. Reference #201110.

This concludes our response to the initial findings and the draft report.

Sincerely,

Yoland Sue Anthony
Program Director



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286 Gene Hurley Road
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November 21, 2002

Ms. Alice Pounds, Auditor
Auditor General
7282 Plantation Rd., Suite 401
Pensacola, FL 32514

Dear Ms. Pounds,

North American Family Institute, Inc. submits the following responses to your preliminary audit findings:

Findings: 201101, 201102, 201103, 201104, 201105, 201106, 202101, 202102, 202103, 202104, 202105, 202106, 202114: Preliminary citations alleging NAFI violated regulatory requirements by using teachers "out-of-field" without Walton County School Board approval.

Response: Based on the State Board of Education's determination that any certification area held by a teacher in a Department of Juvenile Justice school is appropriate certification. Because there is no recognized out-of-field designation, there is and never was a requirement to seek District approval for certified teachers to teach out of field. The attached documents are excerpts from relevant regulatory publications and can be readily accessed in their entirety via the Florida Department of Education website at www.firn.edu/doe.org under Education Publications and Statistics. We have attempted to provide rules and sections in their entirety so as not to lead to misunderstanding, misinterpretation or misapplication that might occur if portions are viewed out of context. (Tab 1 & Tab 2)

Findings: 201114, 201115, 202115: The reported students' schedule was not in agreement with the school's bell schedule as documented in the student Handbook. District personnel stated that the same schedule was in force for all four survey periods.

Response: This is really inconsequential for a DJJ program. Because of the requirement to provide individualized education for every student based on assessments, needs, and goals; and we are allowed flexibility in times and locations where aspects of educational services are provided, the bell schedule reflects general guidelines required to show the minimum 300 minutes of instruction in required classes. The handbook is provided to students as a courtesy and is not an official document. (Tab 3)

Findings: 201110, 202110: Student attendance shall be taken once per class period or during each course reported for FTE purposes. The school did not maintain any class attendance records.

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R2

Response: In as much that the audit report contains a multitude of references to specific teachers of specific students in specific courses, quite clearly there is recognized documentation of student attendance in those courses. NAFI/DFS maintains many methods to verify student attendance records. In accordance with JJEEP Quality Assurance Standards E1.04, Student progress is verified and documented by instructional assessment, Grade books or electronic records maintained by teachers; weekly progress reports, and in weekly level board documents. In addition the student's movement is fully documented on a daily basis in the program logbook. The program logbook not only verifies student attendance once per class, but documents students' movement throughout the entire day. [Tab 4 (See colored tabs which contain attendance verification documents for the audited survey periods including: daily census/attendance count sheets, sample logbook entries, time-detailed computer lesson histories for individual students, weekly student grade sheets)]

Findings: 201115, 201116: Enrolling students at the North American Family Institute, were not given a home language survey.

Response: The Walton County School District registration form used by NAFI for enrolling all students contains the required Home Language Survey. We are unsure how this finding was determined and is perhaps nothing more than a MIS data entry housekeeping issue. The provision of ESOL services was always fulfilled for identified students.

Findings: 202114: The file for one Exceptional student reported in the July and October surveys was missing and could not be located.

Response: The reported student's file was located in the new Education Coordinator's file cabinet.

Findings: 201111, 202111, 201113, 202113: The FTE general instructions state that "the calculation of FTE for students in DJJ programs shall be limited to 25 hours per week" and up to 35 instructional days may be reported in the June survey. Also, the files for three ESE students reported in the July survey that indicated exceptional education services were to exclude summer.

Response: Department of Juvenile Justice residential programs are required to provide for 250 instructional days. All of these days are eligible to be funded through the FEED. According to Florida Statute 230.23161, DJJ summer school begins the day immediately following the end of the district school year end and ends the day immediately preceding the subsequent school year.

The DOE automated data system will not allow data entry for a new school year to be entered before July 1 of any year. July 1 through the allowable 35 instructional days would make August 20th the approximate earliest date that the next survey period could begin in DJJ schools. School districts do not have the ability to change survey dates to reflect count periods that reflect 35/90/90/35 day periods for DJJ schools in order for them to fit the described FTE survey periods. It is impossible for DJJ schools to fulfill the 250 instructional days requirement, reflect the described summer school period, and have its regular school year begin and end the same day as the district school year. The last survey period of the school year is commonly used to capture any additional days not previously reported for FTE calculation. As long as no more than 250 instructional days were used to calculate FTE for a given school year, there should be no issue.

Note - This has been a well-understood idiosyncrasy among district MIS personnel, educational providers, JJEEP reviewers, and other informed parties. A review of all of the FTE survey reports for the identified school year will document a total of 250 instructional days used for calculation of FTE.

See response below regarding extended year services pointing to your misunderstanding of summer services for ESE students in DJJ facilities.

Findings: 201111: Four students in the October and or February surveys withdrew from school prior to those surveys and should not have been reported with the surveys' results.

Response: One student, [REDACTED], was in fact in attendance and accurately reported for survey period 3. The other three students were inadvertently reported during the surveys after they had exited the program. We are submitting amendments to the official final FTE reports to reflect an accurate count and correct these errors, as we are allowed and responsible for doing.

Findings: 202112: Four students that were reported for FTE in July or February surveys were not in membership during those surveys. One other student arrived on the last day of February's survey week. School policy mandates a minimum 24-hour waiting period after arrival at the facility before students begin class.

Response: Three of the five students were at the facility, in classes, and were accurately reported for the survey periods. These three students are:

- [REDACTED]-survey period 3 of 2002 (student departed the facility at the end of the school day on 2/4/02 and is confirmed by log book entry as departing the facility at 3:15 p.m.)
- [REDACTED]-survey period 3 of 2002 (student arrived on 2/8/02 and began mandatory educational assessments on 2/8/02 which is confirmed by log book entry and dated TABE assessment.)
- [REDACTED]-survey period 1 of 2001 (student departed the facility on 7/16/01 after the end of the school day; which is confirmed by the log book entry.)

As you are no doubt fully aware, a student need only be present one day of any 5-day survey period to be counted in attendance for the survey period. The 24-hour waiting period you reference indicates our practice to utilize locations other than a traditional classroom to provide educational services (assessments, etc) for official classroom placement. Enrollment dates and attendance, hence membership are required to and do reflect the day a student enters the program and begins receiving educational services.

Findings: 201112, 202112: Files for ESE students did not have valid Individual Education Plans.

Response: We acknowledge that there were occurrences of students not having Individual Education Plans completed in a timely manner. This is a well-understood and challenging issue that all DJJ schools experience for a variety of reasons, chiefly that the vast majority of our students come from other districts and have numerous prior school placements resulting in difficulty in tracking down all the necessary reports and garnering signatures. We ascertain that whether or not the IEP forms were accurately processed, all appropriate student-related services were provided and can be documented.

Findings: 201113, 202113: Files for ESE students did not have valid Individual Education Plans. The files for three ESE students reported in the July survey indicated exceptional education services were to exclude summer.

Response: Again, a misunderstanding of the very basic requirements of DJJ schools is apparent in this allegation. Extended School Year services, commonly listed as ESY services on IEPs, refers to necessary services required to be provided by a school district during the summer (when school attendance is not compulsory) to a regular school ESE student attending a regular (180 day) school. DJJ schools are statutorily required to be year-round and cannot define summer school as an extension of their school year. It is appropriate and accurate for IEPs developed in DJJ to reflect "no need for ESY services" when there, in fact, exists no extended school year. ESE services are provided year-round in DJJ programs.

Findings: 201112, 202111: The automated attendance record indicated that students were not in membership during the survey period in which they were reported.

Response: *We have addressed this issue in a variety of responses that can be referred to above.*

Yoland Sue Anthony
Program Director
NAFI/DeFuniak Springs Programs

Attachments