



# Internal Audit Report



## FTE Funding Provided To Tree of Knowledge Learning Academy Charter School for the 2008-2009 Fiscal Year



**\$106,685 of the Florida Education Finance Program (FEFP) funding received by TOKLA for the 2008-09 fiscal year should be disallowed and returned to the Florida Department of Education**

**September 2009**

## **THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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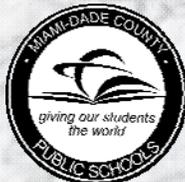
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# Miami-Dade County Public Schools

*giving our students the world*

**Superintendent of Schools**  
Alberto M. Carvalho

**Miami-Dade County School Board**  
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August 31, 2009

Members of The School Board of Miami-Dade County, Florida  
Members of the School Board Audit Committee  
Mr. Alberto M. Carvalho, Superintendent of Schools

This audit was requested by the District's School Operations office, authorized by the previous Chief Auditor, and approved as part of the Audit Plan for the 2008-09 Fiscal Year. The objective of this audit was to determine the adequacy of controls over FTE funding provided to the Tree of Knowledge Learning Academy, Inc., (TOKLA) charter school (the School) for the 2008-09 fiscal year and propriety of its use. Apart from the audit that we conducted, the School is required to contract with a qualified CPA to conduct an annual financial/compliance audit as of June 30, 2009, the School's year-end, in accordance with Section 218.39, Florida Statutes and Chapter 10.850, Rules of the Florida Auditor General. This report must be submitted to the Sponsor – Miami-Dade County Public Schools (M-DCPS) by September 1, 2009. We did not conduct that audit.

In our opinion, \$106,685 of the Florida Education Finance Program (FEFP) funding claimed/received by TOKLA for the 2008-09 fiscal year should be disallowed and returned to the Florida Department of Education (FDOE). This amount does not include \$5,615 in FEFP funds retained by the district for carrying out its sponsor responsibilities related to the School. According to the FDOE, the district should also return these funds to the FDOE.

We have discussed our findings and recommendations with the School's management and M-DCPS staff. Subsequent to discussing our draft audit report with TOKLA's management, the School's Board of Directors unanimously voted to surrender the School's charter effective July 31, 2009. Responses from both TOKLA's management and M-DCPS staff are included in the report. We would like to thank the School's management and M-DCPS staff for the cooperation and courtesies extended to us during the conduct of our audit.

Sincerely,

Jose F. Montes de Oca, CPA, Chief Auditor  
Office of Management and Compliance Audits



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## EXECUTIVE SUMMARY

The Tree of Knowledge Learning Academy, Inc. (TOKLA) is a Miami-Dade County charter school (the School). The School began operating on the first day of the 2008-09 school year and serves at-risk students and students with disabilities in grades K-12 that are home and hospital bound. Jackson Health System (Jackson) provides the School limited office and classroom space at the hospital.

This audit was requested by the District's School Operations office, authorized by the previous Chief Auditor, and approved as part of the Audit Plan for the 2008-09 Fiscal Year. The objective of this audit was to determine the adequacy of controls over FTE funding provided to the Tree of Knowledge Learning Academy, Inc., (TOKLA) charter school (the School) for the 2008-09 fiscal year and propriety of its use. Apart from the audit that we conducted, the School is required to contract with a qualified CPA to conduct an annual financial/compliance audit as of June 30, 2009, the School's year-end, in accordance with Section 218.39, Florida Statutes and Chapter 10.850, Rules of the Florida Auditor General. This report must be submitted to the Sponsor – Miami-Dade County Public Schools (M-DCPS) by September 1, 2009. We did not conduct that audit.

In our opinion, \$106,685 of the Florida Education Finance Program (FEFP) funding claimed/received by TOKLA for the 2008-09 fiscal year should be disallowed and returned to the Florida Department of Education (FDOE). This amount does not include \$5,615 in FEFP funds retained by the district for carrying out its sponsor responsibilities related to the School. According to the FDOE, the district should also return these funds to the FDOE. The documentation TOKLA provided does not support the delivery of instructional services to some students claimed to be eligible in accordance with applicable statutes, rules, regulations, policies, and/or contracts. TOKLA received the \$591,574 total FEFP funding for which it was approved for the 2008-09 school year.

We found that the School does not have controls or procedures in place to ensure that the required medical statement/authorization forms are properly executed to support the student's eligibility for hospital/homebound services and funding. We also found that at the time of the October 2008 and February 2009 FTE surveys, TOKLA's management did not have a sufficient understanding of the state's funding mechanism (FEFP) to properly complete the related funding matrixes. Additionally, procedures for documenting actual times and days that instruction is provided to students, as required by the state's 2008 Hospital/Homebound Program and Services Policy and Procedures Manual,

need to be strengthened. Although we found no instance of occurrence, the School should develop and implement controls to disqualify students who are enrolled in private schools for regular classroom instruction at the same time they are enrolled in TOKLA.

Subsequent to discussing our draft audit report with TOKLA's management, the School's Board of Directors unanimously voted to surrender the School's charter effective July 31, 2009.

We made six recommendations to correct the findings in our report. The detailed findings and those recommendations begin on page 8.

## INTERNAL CONTROLS

Our overall evaluation of internal controls over the FTE funding provided to TOKLA for the 2008-09 Fiscal Year is summarized in the table below.

<b>INTERNAL CONTROLS RATING</b>			
<b>CRITERIA</b>	<b>SATISFACTORY</b>	<b>NEEDS IMPROVEMENT</b>	<b>INADEQUATE</b>
<b>Process Controls</b>		X	
<b>Policy &amp; Procedures Compliance</b>			X
<b>Effect</b>			X
<b>Information Risk</b>		X	
<b>External Risk</b>			X

<b>INTERNAL CONTROLS LEGEND</b>			
<b>CRITERIA</b>	<b>SATISFACTORY</b>	<b>NEEDS IMPROVEMENT</b>	<b>INADEQUATE</b>
<b>Process Controls</b>	Effective	Opportunities exist to improve effectiveness.	Do not exist or are not reliable.
<b>Policy &amp; Procedures Compliance</b>	In compliance	Non-Compliance Issues exist.	Non-compliance issues are pervasive, significant, or have severe consequences.
<b>Effect</b>	Not likely to impact operations or program outcomes.	Impact on outcomes contained.	Negative impact on outcomes.
<b>Information Risk</b>	Information systems are reliable.	Data systems are mostly accurate but can be improved.	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions.
<b>External Risk</b>	None or low.	Potential for damage.	Severe risk of damage.

## **BACKGROUND**

The School Board of Miami-Dade County approved the charter school application of the Tree of Knowledge Learning Academy, Inc., (TOKLA) at its December 19, 2007 meeting. The School Board and TOKLA subsequently entered into a five-year charter contract on April 17, 2008, and the School began operating on the first day of the 2008-09 school year. According to the contract, the School is to target and serve at-risk students and students with disabilities in grades K-12 through flexible learning sites based on student needs. Services will include center-based, home-based, and hospital-based instruction. During the 2008-09 school year, the School served exclusively home and hospital based students. TOKLA also entered into a five-year contract with the Public Health Trust, an agency of Miami-Dade County, which owns and operates Jackson Health System (Jackson). TOKLA provides the educational component to school-age in-patients admitted to Jackson, and the hospital provides the School limited office and classroom space.

Section 1002.33, Florida Statutes, delineates school districts' responsibilities as sponsoring districts to monitor and oversee charter schools, which are part of the state's program of public education. Each sponsoring school board is charged with certain responsibilities including fiscal oversight and monitoring the charter school's revenues and expenditures. Like traditional public schools, charter schools are funded with local, state and federal tax dollars. The funding is largely derived from the Florida Education Finance Program (FEFP) in which the magnitude of funding is determined by weighted full time equivalent (FTE) and the school enrollment and attendance during date-certain survey periods in October and February. Throughout the school year, the sponsoring school district distributes to the school those public funds required to operate the charter school. Miami-Dade County Public Schools (M-DCPS) retains a percentage of those funds, usually five percent (5%), to support its state-mandated monitor and oversight responsibilities.

The Code of Federal Regulations (Title 34 CFR), Section 300.306, describes the eligibility process for students with disabilities. Rule 6A-6.03020, Florida Administrative Code (FAC), identifies a Hospital/Homebound (H/H) student as a student who has a medically diagnosed physical or psychiatric condition that is acute or catastrophic in nature, or a chronic illness, or a repeated intermittent illness due to a persisting medical problem. The condition or illness must confine the student to his/her home or hospital and restricts activities for an extended period.

Title 34 CFR and Sections 458, 459 and 1011.62, Florida Statutes provide the requirements that a valid medical statement/authorization, Individual Education

Plan (IEP), and matrix of services form be properly completed in order for a student to be eligible for H/H services. The IEP and matrix of services form establish the severity of the student's needs and determine the level of FEFP funding. TOKLA has received the \$591,574 total FEFP funding for which it was approved for the 2008-09 school year.

The School reported revenues of \$446,000, expenses of \$322,000 and a resulting operating surplus of \$124,000 in its latest unaudited, interim financial statements for the almost ten-month period ended April 21, 2009.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

This audit was requested by the District's School Operations office, authorized by the previous Chief Auditor, and approved as part of the Audit Plan for the 2008-09 Fiscal Year. The objective of this audit was to determine the adequacy of controls over FTE funding provided to the Tree of Knowledge Learning Academy, Inc., (TOKLA) charter school (the School) for the 2008-09 fiscal year and propriety of its use. Apart from the audit that we conducted, the School is required to contract with a qualified CPA to conduct an annual financial/compliance audit as of June 30, 2009, the School's year-end, in accordance with Section 218.39, Florida Statutes and Chapter 10.850, Rules of the Florida Auditor General. This report must be submitted to the Sponsor – Miami-Dade County Public Schools (M-DCPS) by September 1, 2009. We did not perform that audit.

Procedures performed to satisfy the audit objective were as follow:

- Interviewed district and School staff;
- Reviewed the School's charter application and contract, applicable Florida Statutes, administrative rules and federal regulations;
- Reviewed the Hospital/Homebound (H/H) Program and Services policy and procedures manual, promulgated by the Florida Department of Education;
- Consulted with knowledgeable district's special education staff;
- Statistically and judgmentally sampled student population for the October 2008 and February 2009 survey periods;
- Examined, on a sample basis, documentation supporting the delivery, quantity, and types of instructional services provided to students;
- Examined, on a sample basis, documentation supporting medical authorizations of students enrolled in the school;
- Observed, on a sample basis, the various student instructional sessions;
- Interviewed selected parents/guardians of students enrolled in the school; and
- Performed various other audit procedures as deemed necessary.

We conducted this audit in accordance with generally accepted Government Auditing Standards issued by the Comptroller General of the United States of America. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit also included an assessment of applicable

internal controls and compliance with the requirements of policies, procedures, rules, and regulations to satisfy our audit objectives.

## FINDINGS AND RECOMMENDATIONS

In our opinion, \$106,685 of Florida Education Finance Program (FEFP) funding claimed by TOKLA for the 2008-09 fiscal year should be disallowed and returned to the Florida Department of Education (FDOE). This amount does not include \$5,615 in FEFP funds retained by the district for carrying out its sponsor responsibilities related to the School. According to the FDOE, the district should also return these funds to the FDOE. The evidence provided to claim that funding does not support the delivery of instructional services to eligible students in accordance with applicable statutes, rules, regulations, policies and/or contracts. The table on page 11 delineates our recommended disallowed funding.

On its October 2008 FTE survey, TOKLA claimed 50 students were enrolled and received some amount of instruction for the 2008-09 school year. On its February 2009 FTE survey, TOKLA claimed 66 students. Based on those two surveys, TOKLA claimed \$622,710 in gross FEFP funding.

We initially selected random samples of students from both survey periods, (23 from the October survey and 26 from the February survey) to verify the services they received and the related funding. We designed those samples with a 95% confidence level. Due to other matters that came to our attention, we subsequently selected additional judgmental samples of six (6) additional students, (three from each survey period), for testing. In all, our samples comprised 55 students or effectively 47%<sup>1</sup> of the School's reported average enrollment.

Based on our overall samples, 16 (62%) of the 26 students data tested from the October 2008 survey contained one or more errors, and 17 (59%) of the 29 students data tested from the February 2009 survey contained one or more errors.

We noted the following conditions during our examination and evaluation of the documentation TOKLA provided to support the FTE claimed.

### ❖ Invalid Medical Statements ❖

TOKLA presented invalid medical authorization statements as support for authorization to provide services to twelve sample students and for the attendant

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<sup>1</sup> This average is determined by dividing the average number of students sampled (27.5) during both surveys (i.e., 26 students in October and 29 students in February) by the average number of students enrolled (58) during both surveys (i.e., 50 students in October and 66 students in February).

funding level claimed. For instance, a medical doctor or osteopathic physician, licensed in Florida pursuant to Rule 6A-6.03020, Florida Administrative Code, and Sections 458 and 459, Florida Statutes, did not sign six (6) of the 12 medical authorization statements as required by the state's 2008 Hospital/Homebound Program and Services Policy and Procedures Manual. The remaining six (6) medical authorization statements indicated that each of the students was not eligible for Hospital/Homebound (H/H) services and/or had forms that contained language that was not consistent with Title 34 CFR and Rule 6A-6.03020, FAC. The School does not have controls or procedures in place to ensure that the medical statement/authorization form is properly executed to support the student's eligibility for hospital/homebound services and funding. This material weakness in internal control increases the risk that students will be inappropriately placed in the most restrictive H/H program, and resulted in disallowances of FEFP funding that the School had claimed and/or received (coded as "a" in the table on page 11).

#### ❖ Group versus Individual Instruction ❖

TOKLA claimed the highest FEFP funding level (255) for 20 sample students tested who were provided services in a group setting rather than individually (one-to-one). In accordance with Section 1011.62, Florida Statutes, and the related FEFP matrix, the School would be entitled to funding only at the basic level and not the 255 funding level for those students. Based on management's responses to our inquiries and other evidence examined, at the time of the October 2008 and February 2009 FTE surveys, TOKLA's management did not have a sufficient understanding of the state's funding mechanism (i.e., FEFP) and how to complete the related funding matrixes. This material weakness in internal control resulted in disallowances of FEFP funding that the School had claimed and/or received (coded as "b" in the table on page 11).

#### ❖ Lack of Documentation for Time and Days of Instruction Provided ❖

The number of hours of instruction claimed by the School for eight (8) students was not supported by the evidence provided. This significant control deficiency resulted in disallowances of FEFP funding that the School had claimed and/or received (coded as "c" in the table on page 11).

Additionally, required documentation of the times and days of scheduled instructional visits, which is to be signed and dated by the H/H teachers did not strictly adhere to the state's 2008 Hospital/Homebound Program and Services Policy and Procedures Manual. However, it must be noted that according to both TOKLA's management and M-DCPS H/H administrators, the manual was not delivered to school districts and charter schools until December 2008, after the

October Survey period. Prior to the 2008 manual, the documentation requirements for H/H scheduled visits were not as developed. We noted substantial improvement in the School's related documentation during the February 2009 survey period.

❖ **Risk of Concurrent Enrollment in Private School** ❖

Although we did not identify any specific cases in our sample, based on our review of the School's control environment and lack of associated procedures to detect and prevent its occurrence, we believe there is a substantial risk that students could be inappropriately enrolled in private schools for regular classroom instruction concurrent with their enrollment in TOKLA. As a general rule, such dual enrollment would be contrary to Rule 6A-6.03020, FAC and would disqualify a student from H/H services.

**Subsequent Event**

Subsequent to discussing our draft audit report with TOKLA's management, the School's Board of Directors unanimously voted to surrender the School's charter effective July 31, 2009. Consequently, the school ceased its operations as a charter school in Miami-Dade County Public Schools.

**TABLE OF RECOMMENDED DISALLOWED FTE FUNDING TO TOKLA**

#	Sample Student	Funding Claimed Based On TOKLA FTE Reporting	Funding Earned Based On Auditor/ESE Specialist Review	Recommended Disallowance <sup>2</sup>	Reason(s) For Disallowance
	Survey Period(s)				
1	Oct. 2008	\$5,878.25	\$0	\$5,878.25	a, c
2	Oct. 2008; Feb. 2009	3,926.68	914.11	3,012.57	a, b
3	Oct. 2008; Feb. 2009	3,930.60	790.87	3,139.73	b
4	Oct. 2008	5,878.25	1,244.25	4,634.00	a, b
5	Oct. 2008; Feb. 2009	13,715.92	2,903.25	10,812.67	b
6	Oct. 2008; Feb. 2009	14,499.69	1,931.82	12,567.87	a, b
7	Oct. 2008	5,878.25	630.80	5,247.45	b, c
8	Oct. 2008	1,963.34	415.58	1,547.76	a
9	Oct. 2008	5,878.25	746.55	5,131.70	b, c
10	Oct. 2008	1,763.48	236.55	1,526.93	a, c
11	Oct. 2008	1,959.42	394.25	1,565.17	a, b
12	Oct. 2008	1,959.42	473.10	1,486.32	a, b
13	Oct. 2008	5,878.25	663.60	5,214.65	a, b, c
14	Feb. 2009	5,878.25	1,244.25	4,634.00	b
15	Feb. 2009	1,959.42	2,939.13	(979.71)	c
16	Feb. 2009	6,665.94	1,182.75	5,483.19	b, c
17	Feb. 2009	7,837.67	1,577.00	6,260.67	b
18	Feb. 2009	1,959.42	157.70	1,801.72	a, b, c
19	Feb. 2009	3,918.84	788.50	3,130.34	b
20	Feb. 2009	2,743.18	588.38	2,154.81	a
21	Feb. 2009	3,918.84	788.50	3,130.34	a, b
22	Feb. 2009	4,702.60	946.20	3,756.40	b
23	Feb. 2009	5,878.25	1,244.25	4,634.00	b
24	Feb. 2009	4,702.60	946.20	3,756.40	b
25	Feb. 2009	7,841.59	1,577.78	6,263.80	b
26	Oct. 2008	1,175.65	248.85	926.80	d
27	Oct. 2008; Feb. 2009	4,702.60	1,008.64	3,693.96	d
28	Oct. 2008	1,967.26	78.85	1,888.41	c
	<b>Total</b>	<b>\$138,961.91</b>	<b>\$26,661.71</b>	<b>\$112,300.20</b>	

**Legend:**

- a. The medical statement required by Rule 6A-6.03020, FAC and §§458 and 459, F.S., is not valid.
- b. The student received group rather than individual (one to one) instruction, precluding funding at the highest FEFP matrix level taken (Level 255), pursuant to F.S. 1011.62.
- c. Evidence the School provided does not support the number of hours of instruction claimed.
- d. The IEP is missing a professional's signature.

<sup>2</sup> The total recommended disallowance includes the 5% administrative costs (\$5,615) allowed to the sponsoring school district and the amount (\$106,685) remitted to the School.

## RECOMMENDATIONS

1. **The Tree of Knowledge Learning Academy, Inc., should return to the Florida Department of Education the \$106,685 in net FEFP funds received and/or claimed by the School during FY2008-09, in accordance with the findings of our report. TOKLA should confer with the M-DCPS Charter School Operations department to arrange the timing and process for returning these funds.**

**In addition, according to the Florida Department of Education, the district should return the \$5,615 in FEFP funds retained by the district for carrying out its sponsor responsibilities. Because the M-DCPS responsibly discharged its monitoring responsibilities as the sponsoring district, including completing this audit, district's management should consider contacting the FDOE and requesting a waiver for returning the 5% (i.e., \$5,615) administrative costs the district retained.**

### **Management Response:**

**The Tree of Knowledge Learning Academy, Inc. –** After receiving the '2008 Hospital/Homebound Program and Services Policy and Procedures Manual' in February of 2009, policies and procedures were put into place to ensure that the proper medical statement forms are being used. Internal controls were established to identify the individuals licensed in Florida pursuant to rule 6A-6.03020 in the Florida Administrative Code who can sign and authorize the forms.

The audit refers to improper medical forms that were signed. These were primarily found for the students from the October FTE and also for students in the February FTE who were enrolled from the beginning of the year whose forms had not expired. Those students whose forms did not expire did not receive any new medical forms and therefore they were from the older version.

TOKLA used the medical form that was reviewed and verified by CSO before the opening of the school. TOKLA sent CSO all forms to be reviewed six months prior to opening. Only in October of 2008, was TOKLA informed that the form needed to be changed. From then on, TOKLA used the Miami-Dade physician statement for any new student who enrolled or whose medical form expired.

TOKLA's management requested the proper forms in a public request document sent to Merrick Educational Center in the summer prior to opening in 2008. After TOKLA received no response to numerous requests from Merrick Educational Center, the MDCPS attorney, Mindy

McNichols, was notified and she said that she would try to get the proper forms from Merrick Educational Center. TOKLA still did not receive any direction from her attempts.

The Manual does not address how to ascertain which doctor or other licensed individual that sign the medical forms are really licensed in the State of Florida. TOKLA plans to follow the same procedures used by the auditors to make that identification. One of those procedures was to check each doctor against a website that lists all of the Florida registered doctors.

As an additional point, each of the forms signed and authorized by Resident doctors from the hospital, could have had additional signatures added by the Attending physician for the patient who was supervising his Residents. The Residents who signed the forms did so on behalf of the supervising Attending Physician. In the future, all medical forms are to be signed by the Attending Physician.

Regarding Group vs Individual Instruction, TOKLA requested clarification from CSO as to the explanation of FTE payment. TOKLA met numerous times with the directors of Attendance Services, Budget, and Information Technology Services for direction, clarification and explanation, which ended with continued questions. TOKLA met with Ava Byrne and a small committee twice in December 2008 for direction and advice on increasing FTE. TOKLA was advised to use Group Instruction as much as possible as a means of increasing FTE. From this audit, it has come to our attention that this is not the case. TOKLA still has not received clarity from CSO about specific and exact numbers regarding FTE and how it is affected by Group Instruction.

**Miami-Dade County Public Schools** – The District will contact the Florida Department of Education to request a waiver for returning the 5% (i.e. \$5,615) administrative costs the district retained.

2. **The Tree of Knowledge Learning Academy, Inc., should implement controls and procedures to ensure that the required medical statement/authorization forms are properly executed to support the students' eligibility for hospital/homebound services and funding.**

**Management Response:**

**The Tree of Knowledge Learning Academy, Inc.** – TOKLA has been following the rules and forms established in the '2008 Hospital/Homebound Program and Services Policy and Procedures Manual' since March of 2009. TOKLA has been using the MDCPS medical form for any new student since October 2008.

3. **The Tree of Knowledge Learning Academy, Inc., should take measures to ensure that management of the School has an adequate understanding of the state's funding and matrixes development processes and delivery of instructional services through the Hospital/Homebound Program, and the required documentation.**

**Management Response:**

**The Tree of Knowledge Learning Academy, Inc.** – TOKLA has taken the proper measures to learn the Florida school funding, matrixes, and required documentation.

4. **The Tree of Knowledge Learning Academy, Inc., should strengthen controls and procedures for documenting actual times and days of instruction provided to students in accordance with the state's 2008 Hospital/Homebound Program and Services Policy and Procedures Manual.**

**Management Response:**

**The Tree of Knowledge Learning Academy, Inc.** – TOKLA has strengthened controls and procedures for documenting times and days of instruction provided to students through a specially developed software program created by the management company. This software was under development for the past year with special modifications being made to it based on the '2008 Hospital/Homebound Program and Services Policy and Procedures Manual', which TOKLA received in February 2009. After this audit, before the summer, further additions were made to the software to address concerns discussed with the auditors.

5. **The Tree of Knowledge Learning Academy, Inc., should develop procedures to identify and disqualify any student who is inappropriately enrolled in a private school for regular classroom instruction at the same time he/she is enrolled in TOKLA.**

**Management Response:**

**The Tree of Knowledge Learning Academy, Inc.** – Based on advice in conversations with CSO and the group of auditors, TOKLA has developed a form to be signed by the parents of each student to bear witness that the student is not enrolled in a private school for regular instruction at the same time that he/she is enrolled in TOKLA.

6. **The Tree of Knowledge Learning Academy, Inc., should obtain and thereafter provide sufficient training to the School's staff responsible for completing student IEP's and related documents to ensure compliance with applicable federal regulations, and state statutes and rules.**

**Management Response:**

**The Tree of Knowledge Learning Academy, Inc. –** TOKLA teachers and staff are receiving MDCPS District training in completing IEP's and related documents.

## **Appendix A – MANAGEMENT’S RESPONSE (Tree of Knowledge Learning Academy, Inc.)**

### TOKLA General Response to Recommendations:

When TOKLA operators arrived in July '08 to begin training to open, Charter School Operations (CSO) had over 30 staff employed to deal with the charter school needs. Shortly thereafter, the CSO staff was removed from working over the summer, due to a budget shortfall. Over the school year, due to further changes in the budget, CSO staff was continuously reduced finally to less than 1/3 of their beginning of the year staff. This overall change in CSO staff contributed to many of the concerns that were identified in the audit.

A substantial amount of the training that TOKLA would have been able to receive and was told would be receiving, was unavailable due to those cuts in CSO staff. Additionally, as the school year progressed, when TOKLA tried to reach various contacts at CSO with questions, TOKLA was repeatedly told that the original CSO employee in charge of each area was no longer employed at CSO and there was a new contact. Finding the next person in charge of each of the operations became another challenge, which continued all year until there so few choices who to contact.

At the same time, the Merrick Educational Center would not release any paperwork, forms, files, manuals, information, etc. even though TOKLA made an official document request. TOKLA offered Merrick Educational Center help with training and other support, which would have benefited Merrick Educational Center through a sister like relationship. CSO staff and even the MDCPS attorney, Mindy McNichols, had little success with trying to get Merrick Educational Center to release any audit manuals and guidelines.

TOKLA was told at more than one meeting with CSO staff, “We knew this wouldn’t work” or “You should have figure this out before you started” or “This doesn’t work as a charter school”. However, TOKLA could not have foreseen that the CSO staff would be so dramatically cut as to not be able to provide the necessary support to TOKLA for training and answering questions. In a short period of time, TOKLA had to learn all that was even unknown by the Merrick Educational Center school, which has been in existence for the last 30 years. There is no other charter school similar to TOKLA in the State of Florida, which deals with hospitalized and homebound children. TOKLA is a unique charter school and as such all of the forms are unique for them. All of the trainings needed to be tailored as well to the unique needs of the school and the population it serves.

TOKLA was told by CSO that training would be provided by CSO or the District. TOKLA asked repeatedly for training in various areas that were cited in this audit and did not receive the training or answers to the questions asked. All of the staff never received access to the special education professional training offered by the district even though many calls were made asking to attend. TOKLA made many attempts to meet with District staff about attendance and funding issues. Over the year, TOKLA had to learn on its own what was needed. Some of the learning came later in the year and TOKLA implemented changes through the year based on this newly learned

## **Appendix A – MANAGEMENT’S RESPONSE (Tree of Knowledge Learning Academy, Inc.)**

information as it was learned. At the point of the audit, the majority of the issues brought up by the auditors had already been implemented by TOKLA, but after the FTE periods that were the focus of the review of the auditors.

After asking repeatedly if there were clear rules for a hospital/homebound program, in January 2009, TOKLA heard rumors that there was a manual that delineated the protocols and procedures for hospital/homebound programs in Florida. TOKLA repeatedly asked CSO and the District about it and no one knew about it. In February 2009, a TOKLA staff member, who was a former Merrick Educational Center employee, was finally able to get a copy from another Merrick Educational Center employee, who had just received a copy. After receiving a copy of this manual, ‘2008 Hospital/Homebound Program and Services Policy and Procedures Manual’, TOKLA implemented many changes based on these protocols. However, since the manual was only located after the February FTE count week, the changes were only implemented after the period that was reviewed by the auditors. TOKLA gave the auditors a copy of this manual. This was the manual by which the auditors conducted their audit. If the audit was to have been done on present day files, the files would have been found to be in compliance with the protocols and procedures in the manual.

At this point, after TOKLA has learned what needs to be done and how to run the school effectively, TOKLA has been asked to give up their charter. Merrick Educational Center teachers have said that the District has used this audit as a study in how to restructure the Merrick Educational Center school to comply with the protocols and procedures in the manual. Numerous trainings were offered by the District to the Merrick Educational Center employees this summer to train them in how to comply with the policies of the manual that were raised as issues in the TOKLA audit.

One further important point is that TOKLA was to be awarded a Federal Start-Up Grant of which TOKLA had budgeted a percentage towards training in many of the areas found to be of concern in the audit. The state had notified TOKLA that they would give the grant however; they were notified by Miami Dade that there was going to be doing an audit and to wait until after the audit. This audit is just one example of one of those delays. With that start-up grant, TOKLA would have received a lot of the training early on which would have alleviated many of the concerns found in this audit.

### TOKLA Response to Recommendation #1:

After receiving the ‘2008 Hospital/Homebound Program and Services Policy and Procedures Manual’ in February of 2009, policies and procedures were put into place to ensure that the proper medical statement forms are being used. Internal controls were established to identify the individuals licensed in Florida pursuant to rule 6A-6.03020 in the Florida Administrative Code who can sign and authorize the forms.

The audit refers to improper medical forms that were signed. These were primarily found for the students from the October FTE and also for students in the February FTE who were enrolled from the beginning of the year whose forms had not

## **Appendix A – MANAGEMENT’S RESPONSE (Tree of Knowledge Learning Academy, Inc.)**

expired. Those students whose forms did not expire did not receive any new medical forms and therefore they were from the older version.

TOKLA used the medical form that was reviewed and verified by CSO before the opening of the school. TOKLA sent CSO all forms to be reviewed six months prior to opening. Only in October of 2008, was TOKLA informed that the form needed to be changed. From then on, TOKLA used the Miami-Dade physician statement for any new student who enrolled or whose medical form expired.

TOKLA’s management requested the proper forms in a public request document sent to Merrick Educational Center in the summer prior to opening in 2008. After TOKLA received no response to numerous requests from Merrick Educational Center, the MDCPS attorney, Mindy McNichols, was notified and she said that she would try to get the proper forms from Merrick Educational Center. TOKLA still did not receive any direction from her attempts.

The Manual does not address how to ascertain which doctor or other licensed individual that sign the medical forms are really licensed in the State of Florida. TOKLA plans to follow the same procedures used by the auditors to make that identification. One of those procedures was to check each doctor against a website that lists all of the Florida registered doctors.

As an additional point, each of the forms signed and authorized by Resident doctors from the hospital, could have had additional signatures added by the Attending physician for the patient who was supervising his Residents. The Residents who signed the forms did so on behalf of the supervising Attending Physician. In the future, all medical forms are to be signed by the Attending Physician.

Regarding Group vs Individual Instruction, TOKLA requested clarification from CSO as to the explanation of FTE payment. TOKLA met numerous times with the directors of Attendance Services, Budget, and Information Technology Services for direction, clarification and explanation, which ended with continued questions. TOKLA met with Ava Byrne and a small committee twice in December 2008 for direction and advice on increasing FTE. TOKLA was advised to use Group Instruction as much as possible as a means of increasing FTE. From this audit, it has come to our attention that this is not the case. TOKLA still has not received clarity from CSO about specific and exact numbers regarding FTE and how it is affected by Group Instruction.

### TOKLA Response to Recommendation #2:

TOKLA has been following the rules and forms established in the ‘2008 Hospital/Homebound Program and Services Policy and Procedures Manual’ since March of 2009. TOKLA has been using the MDCPS medical form for any new student since October 2008.

## **Appendix A – MANAGEMENT’S RESPONSE (Tree of Knowledge Learning Academy, Inc.)**

### TOKLA Response to Recommendation #3:

TOKLA has taken the proper measures to learn the Florida school funding, matrixes, and required documentation.

### TOKLA Response to Recommendation #4:

TOKLA has strengthened controls and procedures for documenting times and days of instruction provided to students through a specially developed software program created by the management company. This software was under development for the past year with special modifications being made to it based on the ‘2008 Hospital/Homebound Program and Services Policy and Procedures Manual’, which TOKLA received in February 2009. After this audit, before the summer, further additions were made to the software to address concerns discussed with the auditors.

### TOKLA Response to Recommendation #5:

Based on advice in conversations with CSO and the group of auditors, TOKLA has developed a form to be signed by the parents of each student to bear witness that the student is not enrolled in a private school for regular instruction at the same time that he/she is enrolled in TOKLA.

### TOKLA Response to Recommendation #6:

TOKLA teachers and staff are receiving MDCPS District training in completing IEP’s and related documents.

**Appendix B – MANAGEMENT’S RESPONSE (M-DCPS District/School Operations)**

**MEMORANDUM**

MANAGEMENT AND  
COMPLIANCE AUDITS  
2009 AUG 28 PM 5:12

**August 28, 2009**

**TO:** Jose F. Montes de Oca, Chief Auditor  
Office of Management and Compliance Audits

**FROM:** Enid Weisman, Assistant Superintendent  
District/School Operations 

**SUBJECT: DISTRICT RESPONSE TO INTERNAL AUDIT REPORT – FTE FUNDING PROVIDED TO TREE OF KNOWLEDGE LEARNING ACADEMY FOR THE 2008-2009 FISCAL YEAR**

Enclosed, on behalf of the District, is a response from the office of Charter School Operations to the recommendations proffered by the Internal Audit Report – FTE Funding Provided to the Tree of Knowledge Learning Academy (TOKLA) for the 2008-2009 school year, in its report transmitted on July 20, 2009.

EW/TP:nb  
M009

Attachment

cc: School Board Attorney  
Mr. Freddie Woodson  
Ms. Milagros R. Fornell  
Mr. Trevor L. Williams  
Ms. Deborah Karcher  
Ms. Charlene Burks  
Ms. Tiffanie Pauline  
Ms. Melinda McNichols

## **Appendix B – MANAGEMENT’S RESPONSE (M-DCPS District/School Operations)**

### **DISTRICT RESPONSE TO RECOMMENDATIONS AND AUDIT FINDINGS**

TOKLA submitted an application, which was approved by the School Board, indicating that it had the wherewithal, and full understanding of the law and the educational, operational, and financial needs of a school of this nature. As the authorizer and sponsor of this charter school, it is the District’s obligation to hold the governing board and the staff it has employed to the terms of both the approved application and contractual agreement. Detailed below is staff’s response to the recommendations and findings of the aforementioned audit.

#### **RECOMMENDATIONS**

As indicated below, there is agreement by District staff with the recommendations provided in this report.

Recommendation 1: The District will contact the Florida Department of Education to request a waiver for returning the 5% (i.e. \$5,615) administrative costs the district retained.

Recommendation 2: TOKLA should implement controls and procedures as recommended.

Recommendation 3: TOKLA should take measures to ensure an adequate understanding of charter school funding.

Recommendation 4: TOKLA should comply with the 2008 Hospital/Homebound Program and Services Policy and Procedures Manual.

Recommendation 5: TOKLA should develop procedures to identify and disqualify any student who is inappropriately enrolled in a private school for regular classroom instruction at the same time he/she is enrolled in TOKLA.

Recommendation 6: TOKLA should obtain sufficient training to the School’s staff to ensure compliance with federal regulations, and state statutes and rules.

#### **FINDINGS**

This section provides responses to the assertions made by TOKLA in relation to operational issues and financial concerns.

## **Appendix B – MANAGEMENT’S RESPONSE (M-DCPS District/School Operations)**

### **Academic/Curricular Technical Support**

Charter School Operations (CSO) has provided to TOKLA all services afforded them under s. 1002.33, Florida Statutes, at the allowable administrative fee as well as other courtesy technical services, without charge. It is neither the responsibility of the District nor the intent of the statute to manage any charter school, but rather to provide oversight and required technical assistance and services.

CSO regularly provided assistance to the Tree of Knowledge Learning Academy (TOKLA), including an Exceptional Student Education (ESE) Staffing Specialist, as well as staff from other District departments including the Office of Special Education, Attendance Services, and Information Technology Services. CSO staff has always been available to address the needs of this school as well as all other charter schools. As a professional courtesy and a matter of protocol, TOKLA was requested to coordinate their needs through the CSO department to ensure timely assistance, but they chose not to.

The School Board Senior Attorney is unaware of any request for audit manuals by TOKLA to MEC or any request by TOKLA to MEC for “proper forms.” No one ever requested from the School Board Senior Attorney that she “try” to get MEC to release audit manuals and guidelines to TOKLA or that she “try” to get the “proper forms” from Merrick. Therefore, she made no “attempts” to obtain anything from MEC for TOKLA.

### **Operational Technical Support**

Prior to the opening of, and throughout, the 2008-2009 school year, support was provided in the development of the master schedule. Support included a review of student scheduling to determine how the master schedule would need to be updated to provide accurate reporting of teacher/student contact hours. Due to the variations in the student/teacher contact time, it was deemed programmatically impossible to calculate all students and as such, the majority of students required a correction to the time reported in the Department of Education Edit Correction On-Line System. Documentation supporting the District’s efforts reflects over 60 tickets logged in for this location where assistance and/or telephone training occurred.

Detailed information and guidelines for the accurate completion of the Matrix of Services form is available through [The Exceptional Student Education / Florida Education Finance Program \(ESE/FEFP\) Matrix of Services Manual](#), published by the FLDOE in 2004, and available to all schools through the Department of Education and the Clearinghouse. IEP/Matrix Training was offered for all Instructional Personnel through the Florida Diagnostic and Learning Resource Systems-South (FDLRS-So.) from September 16, 2008 through May 6, 2009.

## **Appendix B – MANAGEMENT’S RESPONSE (M-DCPS District/School Operations)**

Training sessions were available through the online Professional Development Menu and Registration System. As such, it was the responsibility of the school administration and their instructional personnel to avail themselves of opportunities for training specific to the needs of their educational programs.

The Florida Administrative Rule 6A-6.03020, Specially Designed Instruction for Students Who Are Homebound or Hospitalized, Final Adopted Version, was published on December 27, 2007, and is available through the FLDOE website. The Division of Special Education is unaware of any calls from TOKLA requesting a copy of this manual. CSO and District staff always advised that the determination of a student’s placement and instruction would be driven by the IEP. The decision made on these issues is determined by the students’ needs, not by what would “increase FTE.”

TOKLA received tentative approval for a FLDOE grant. However, due to limited enrollment, specifically, enrollment that was significantly lower to that projected in their original contract with the District, the FLDOE requested that the District provide assurance of financial stability; thus, the request for an audit.

### **Professional Development/Training**

Although there is a lack of specificity detailing the type(s) training requested in TOKLA’s assertions, the District offered four principals meetings over the course of the 2008-2009 school year in addition to an Orientation Meeting for all new charter schools. These meetings provided training and information relative to District procedures and were inclusive of documentation and staff contacts for follow-up information to provide supplemental support in the form of answers, explanations, and/or additional information. Additionally, as reviewed in the aforementioned meetings, the District’s professional development portal, The Center for Professional Learning, is available to all charter schools and offers a myriad of professional development opportunities throughout the year for all levels of school-site personnel.

Charter schools have access to District sponsored special education training through the online Professional Development Menu and Registration System. The Division of Special Education facilitated eight sessions (4 for elementary and 4 for secondary) titled Special Education Compliance Procedures beginning 09/12/08 through 09/25/08. Session topics included FLDOE Administrative Rules, Accurate Reporting (FTE Preparation, Verification of IEP/Matrix/ISIS Match), Matrix of Services, and Developing an Individual Educational Plan (IEP). The PowerPoint Presentation, training information and handouts, including FM 7069 used for Records Review, were posted on the [ese.dadeschools.net](http://ese.dadeschools.net) website for future access. Professional Development training information is also forwarded to Charter Operations including the Staffing Specialists. Many other

## **Appendix B – MANAGEMENT’S RESPONSE (M-DCPS District/School Operations)**

sessions were also offered through the Division of Special Education last year and were available through the online registration menu.

The ITS Technology Learning Center provides ISIS training to all charter schools during the summer should those schools elect to participate in this training.

The School Board of Miami-Dade County, Florida, adheres to a policy of nondiscrimination in employment and educational programs/activities and programs/activities receiving Federal financial assistance from the Department of Education, and strives affirmatively to provide equal opportunity for all as required by:

**Title VI of the Civil Rights Act of 1964** - prohibits discrimination on the basis of race, color, religion, or national origin.

**Title VII of the Civil Rights Act of 1964**, as amended - prohibits discrimination in employment on the basis of race, color, religion, gender, or national origin.

**Title IX of the Education Amendments of 1972** - prohibits discrimination on the basis of gender.

**Age Discrimination in Employment Act of 1967 (ADEA)**, as amended - prohibits discrimination on the basis of age with respect to individuals who are at least 40.

**The Equal Pay Act of 1963**, as amended - prohibits sex discrimination in payment of wages to women and men performing substantially equal work in the same establishment.

**Section 504 of the Rehabilitation Act of 1973** - prohibits discrimination against the disabled.

**Americans with Disabilities Act of 1990 (ADA)** - prohibits discrimination against individuals with disabilities in employment, public service, public accommodations and telecommunications.

**The Family and Medical Leave Act of 1993 (FMLA)** - requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to "eligible" employees for certain family and medical reasons.

**The Pregnancy Discrimination Act of 1978** - prohibits discrimination in employment on the basis of pregnancy, childbirth, or related medical conditions.

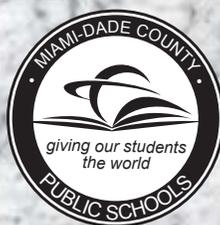
**Florida Educational Equity Act (FEEA)** - prohibits discrimination on the basis of race, gender, national origin, marital status, or handicap against a student or employee.

**Florida Civil Rights Act of 1992** - secures for all individuals within the state freedom from discrimination because of race, color, religion, sex, national origin, age, handicap, or marital status.

**School Board Rules 6Gx13- 4A-1.01, 6Gx13- 4A-1.32, and 6Gx13- 5D-1.10** - prohibit harassment and/or discrimination against a student or employee on the basis of gender, race, color, religion, ethnic or national origin, political beliefs, marital status, age, sexual orientation, social and family background, linguistic preference, pregnancy, or disability.

*Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 295.07 (Florida Statutes), which stipulate categorical preferences for employment.*

**INTERNAL AUDIT REPORT**



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