

INTERNAL AUDIT REPORT

Audit of the Operations of the South Florida Virtual Charter School Board, Inc.

January 2016



**BROWARD COUNTY
PUBLIC SCHOOLS**

The Nation's Sixth Largest School District.



To be presented to the:

**Audit Committee
On January 21, 2016**

**School Board of Broward County, Florida
On February 9, 2016**



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January 15, 2016

Members of The School Board of Broward County, Florida
Members of The School Board Audit Committee
Mr. Robert W. Runcie, Superintendent of Schools

Ladies and Gentlemen:

The Office of the Chief Auditor (OCA) performed an audit of the South Florida Virtual Charter School Board, Inc.'s (SFVCS Board) operations, based upon a letter dated October 6, 2015 from Mr. Howard D. Polsky, Executive Vice President, General Counsel and Secretary of K12 Inc. to Superintendent of Schools, Robert W. Runcie. The information provided in the letter from Mr. Polsky stated that during the 2014-2015 school year, the SFVCS Board engaged in certain related party transactions that appeared to contravene Florida ethics laws (Florida Statutes 1002.33 (26) (A), 112.313, 112.3143). The concerns centered around Mr. Philip E. Morgaman, who on September 24, 2014, became a member, Chair and President of the SFVCS Board. Mr. Morgaman is also the Chair and CEO of a not-for-profit corporation, United Schools Association, Inc. (USA).

Our audit objectives were to determine whether there were any violations of the Governing Board's responsibilities according to the Virtual Charter School Agreement between the School Board of Broward County, Florida and South Florida Virtual Charter School Board, Inc. to determine whether the SFVCS Board engaged in any related party transactions that violated any Florida ethics laws, rules or regulations; to determine whether the SFVCS Board and K12's operations and transactions were appropriate and transparent; to determine if corrective action has been addressed regarding the 2014-2015 Charter School On-Site Virtual Programmatic Review and to report recommendations to the School Board, the SFVCS Board and K12, if needed.

During our review, we noted non-compliance with the District's Charter School Agreement, K12's Educational Products and Services Agreement and Florida Statutes. In addition, we reviewed the Virtual Programmatic Review performed by the District's Charter Schools Management/Support (CSM/S) Office. This report identified numerous deficiencies with the Florida Virtual Academy at Broward County that require immediate action to improve the academic performance of the school for the students. We provided six findings/recommendations, which are detailed in the report.

It is our opinion that the SFVCS Board needs to determine whether they can improve the academic performance and comply with the contractual obligations with K12 and Broward County Public Schools or consider taking an alternative route to ensure students are being provided with a quality education program. The current poor performance of the Florida Virtual Academy at Broward County (Charter School) needs to be addressed. Below are three options that the SFVCS Board should consider: 1) re-establishing a working relationship with K12, providing K12 an opportunity to remedy the deficiencies noted with the operations of the Charter School, in accordance with the terms of the contract, to improve all business and academic operations of the Charter School; 2) seeking a new Educational Service Provider (ESP) that can offer the virtual instructional services and the day-to-day management of all academic, operational and management functions that the Board is looking to obtain; 3) voluntarily terminating the Charter School, which may be the best option in the interest of the students, if the performance of the Charter School and K12's management cannot be significantly improved.

This report will be presented to the Audit Committee at its January 21, 2016 meeting and will be presented to the School Board at its February 9, 2016 meeting.

Sincerely,

Patrick Reilly

Patrick Reilly, CPA
Chief Auditor
Office of the Chief Auditor

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EXECUTIVE SUMMARY

Authority, Objectives, Scope and Methodology

The Office of the Chief Auditor (OCA) performed an audit of the South Florida Virtual Charter School Board, Inc.'s (SFVCS Board) operations, based upon a letter dated October 6, 2015 from Mr. Howard D. Polsky, Executive Vice President, General Counsel and Secretary of K12 Inc. to Superintendent of Schools, Robert W. Runcie. The letter was forwarded to the Office of the Chief Auditor by Jody Perry, Director of the District's Charter Schools Management/Support Office (CSM/S). The audit was performed at the request of Superintendent Robert W. Runcie.

The information provided in the letter from Mr. Polsky stated that during the 2014-2015 school year, the South Florida Virtual Charter School Board engaged in certain related party transactions that appeared to contravene Florida ethics laws (Florida Statutes 1002.33 (26) (A), 112.313, 112.3143).

The concerns centered around Mr. Philip E. Morgaman, who on September 24, 2014, became a member, Chair and President of the SFVCS Board. Mr. Morgaman is also the Chair and CEO of a not-for-profit corporation, United Schools Association, Inc. (USA).

Mr. Polsky identified several transactions related to the hiring of Dane G. Taylor, the Chief Administrative Officer and registered agent for USA, by Mr. Morgaman to perform services on a part-time, as needed basis, for a sixteen month period for a \$40,000 stipend. Mr. Polsky stated that they (K12) were not aware of any actual consulting or monitoring services that were rendered in exchange for the payments made to Mr. Taylor. In addition, it was stated that a \$60,000 check was written from the SFVCS Board's Reserve Account by Mr. Morgaman, in his capacity as Chair and President of the SFVCS Board, to USA. Other transactions related to Board actions were included in the letter. The letter stated that K12 first learned of Mr. Morgaman's transactions and Mr. Taylor's connection to USA while reviewing supporting documentation provided by the SFVCS Board during the annual fiscal year audit completed on September 30, 2015. In contrast, Mr. Morgaman disagreed and stated that K12 was clearly aware of his transactions and associations with Mr. Dane Taylor and USA. Mr. Polsky reported these transactions to enable the District to conduct whatever investigations we deemed necessary to ensure compliance with the District's fiscal policies.

Our audit objectives were:

- to determine whether there were any violations of the Governing Board's responsibilities according to the Virtual Charter School Agreement between the School Board of Broward County, Florida and South Florida Virtual Charter School Board, Inc.;
- to determine whether the SFVCS Board engaged in any related party transactions that violated any Florida ethics laws, rules or regulations;

- to determine whether the SFVCS Board and K12's operations and transactions were appropriate and transparent;
- to determine if corrective action has been addressed regarding the 2014-2015 Charter School On-Site Virtual Programmatic Review;
- to report recommendations to the School Board, the SFVCS Board and K12, if needed.

Our audit was conducted in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The aforementioned standards require that we plan and perform the audit to ensure a reasonable basis for our judgments and conclusions regarding the function under audit. An audit includes assessments of applicable controls and compliance with the requirements of laws, rules and regulations when necessary to satisfy the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

It is our responsibility to perform the review under generally accepted auditing standards and Government Auditing Standards, as well as provide recommendations to improve operations, strengthen internal controls and ensure compliance with the requirements of laws, rules and regulations in matters selected for review. It is the administration's responsibility to implement recommendations, to maintain an internal control environment conducive to the safeguarding of District assets and to preserve the District's resources, and to comply with applicable laws, regulations and School Board policies.

The procedures used to satisfy our objectives in this audit were:

- to review the Virtual Charter School Agreement between the SFVCS Board and the School Board of Broward County to determine compliance with contract terms and requirements;
- to review the Educational Products and Services Agreement between the SFVCS Board and K12 to determine compliance with contract terms and requirements;
- to review minutes of the SFVCS Board meetings, monthly and audited annual financial statements;
- to review applicable Florida Statutes, laws, policies, procedures and Best Practices;
- to request information from various entities including the SFVCS Board, K12, King and Walker, CPA, United Schools Association, Inc. and the District's Charter School's Monitoring/Support Office;
- to interview numerous management company representatives including the SFVCS Board members, consultants and the SFVCS Board's Certified Public Accountants;
- to consult with legal counsel;
- to conduct an on-site visit of USA, Inc.;
- to access and review public records, including the Department of Financial Services;

- to research GAAP (Generally Accepted Accounting Principles) and certain GASB (Government Accounting Standards Board) and pronouncements;
- to review the Charter School Virtual Programmatic Review;
- to trace the flow of funds and transactions between entities.

Opinion, Summary of Results and Recommendations

We reviewed the operations of the South Florida Virtual Charter School Board, Inc. and the October 6, 2015 letter from K12. During our review, we noted non-compliance with the District's Charter School agreement, K12's Educational Products and Services Agreement and Florida Statutes. In addition, we reviewed the Virtual Programmatic Review performed by the District's CSM/S Office. This report identified numerous deficiencies with the Florida Virtual Academy at Broward County that require immediate action to improve the academic performance of the school for the students. We summarized our findings below:

Finding No. 1: The South Florida Virtual Charter School Board, Inc.'s (SFVCS) Board Did Not Comply with the District's Virtual Charter School Agreement or with Florida Statutes Related to Conflicts of Interest/Related Party Transactions

Finding No. 2: The South Florida Virtual Charter School Board, Inc.'s (SFVCS) Board Did Not Comply with Article 4.3.1 Exclusivity of the Educational Products and Services Agreement with K12, Resulting in Duplication of Marketing Expenses using FTE State Funds, which Reduced K12's Fees

Finding No. 3: Strengthen Internal Controls and Evaluate the Contract Administrator's Function, Compensation and Required Accountability for Hours Worked, Duties Performed and Project Deliverables

Finding No. 4: Re-Evaluate the "Balanced Budget Credits" Process and Renegotiate Fees, Based on Budgeted Revenues

Finding No. 5: Promote and Consistently Implement Effective and Responsible Communication Between the SFVCS Board, the District and the Educational Service Provider (K12)

Finding No. 6: Corrective Action is Needed to Address Deficiencies with the Charter School's Educational Service Provider, K12, Resulting from Failure to Comply with Florida Statutes and Contractual Obligations that Constitute a Breach of the Virtual Charter School Agreement

Regarding the October 6, 2015 letter from K12, the Office of the Chief Auditor confirmed that there were violations of Florida Statutes related to Conflicts of Interest/Related Party Transactions.

The SFVCS Board, led by Mr. Morgaman, initiated action to improve the academic performance of the school, based upon the Board's dissatisfaction with K12's efforts. However, the approach taken by the SFVCS Board resulted in non-compliance with contract terms with K12, the District's Charter School agreement, and Florida Statutes relating to conflicts of interest. In addition, the SFVCS Board did not follow the competitive bid process for procurement of services, internal controls over expenditures were decreased and questionable employment contract terms were noted.

USA returned \$40,500 of the \$60,000 transferred to the USA bank account. A total of \$7,500 was returned on July 8, 2015. A total of \$33,000 in consulting contracts were cancelled on September 30, 2015, but were expensed and included in the 2014-15 financial statements. The \$33,000 in consulting fees were returned to the SFVCS Board Reserve account on November 13, 2015. Marketing fees in the amount of \$19,500 were paid to a vendor on September 18, 2015. On October 12, 2015, Mr. Morgaman stated that he planned to return the balance of \$19,500 to the SFVCS Board Reserve account to avoid the appearance of any conflict of interest; however, on October 22, 2015 the SFVCS Board meeting minutes and the SFVCS Board Reserve account show a check was written to an attorney for \$10,000 as a retainer for a variety of issues, including an opinion on whether the \$19,500 should be returned.

Based on the events of the last 15 months, coupled with the strained relationship between the vendor (K12) and the SFVCS Board, it is our opinion that the SFVCS Board needs to determine whether they can improve the academic performance and comply with the contractual obligations with K12 and Broward County Public Schools or consider taking an alternative route to ensure students are being provided with a quality education program. The current poor performance of the Florida Virtual Academy at Broward County (Charter School) needs to be addressed. Below are three options that the SFVCS Board should consider:

- (1) re-establishing a working relationship with K12, providing K12 an opportunity to remedy the deficiencies noted with the operations of the Charter School, in accordance with the terms of the contract, to improve all business and academic operations of the Charter School;
- (2) seeking a new Educational Service Provider (ESP) that can offer the virtual instructional services and the day-to-day management of all academic, operational and management functions that the Board is looking to obtain;
- (3) voluntarily terminating the Charter School, which may be the best option in the interest of the students, if the performance of the Charter School and K12's management cannot be significantly improved.

Background

On June 25, 2013, the School Board of Broward County, Florida approved a new Charter School Agreement for South Florida Virtual Charter School Board Inc. on behalf of Florida Virtual Academy at Broward County (Charter School). The SFVCS Board also oversees the Florida Virtual Academy at Palm Beach County (Charter School).

K12 is a for profit company that provides virtual instruction, which under Florida Statute 1002.33(12)(i), could not be granted a Charter School, since it is a for profit company. Therefore, K12's administration, along with lobbyist, Mr. Jim Horne, requested that Ms. Susan Goldstein, work with K12 by creating the SFVCS Board as a nonprofit organization to provide oversight of the virtual school by hiring K12 as the turnkey operator of the Charter School.

The SFVCS Board contracted with a vendor (K12), an Educational Service Provider (ESP) to handle the day-to-day management of the Charter School through a service agreement. K12 is a Florida Department of Education (FLDOE) approved provider of virtual instruction services. The Board selected K12, based on their unique experience providing end to end curriculum and learning system, in addition to administrative and technology services necessary to deliver that curriculum and maximize student academic achievement. The day-to-day management of all academic, operation, and management issues are assigned to a Head of School (HOS). The SFVCS Board monitors K12, including the HOS and administrative staff through a variety of tools, including administrative evaluations, frequent direct reporting from the HOS, Academic Administrators and Operations Manager, suggestions from Parent Advisory Council; parent surveys; and the multiple collecting/reporting tools. The HOS supervises, monitors and evaluates each of the teachers. The HOS is required to make regular reports to the SFVCS Board regarding overall performance of the instructional staff.

As stated above, the SFVCS Board is a not-for-profit organization. The governing body of the school is the not-for-profit corporation's Board of Directors. The original governing Board as of June 30, 2013 was comprised of the following individuals:

Ms. Susan Goldstein

Mr. Ronald J. Beesley

Ms. Toni Rae Page

As of December 31, 2015, the SFVCS Board is comprised of the following individuals:

Mr. Philip E. Morgaman elected September 24, 2014

Ms. Susan Goldstein – Original member since June, 2013

Mr. Rafael Quintero elected May 21, 2014

Ms. Geniza Madden elected November 13, 2014 (See pages 127-129 for profile information)

The Florida Virtual Academy at Broward County's (Charter School) revenues and expenditures for fiscal year 2014-2015 were \$881,051 and \$855,182 respectively. Its Unrestricted Net Position was a positive balance of \$25,869. The Charter School's external CPA firm determined that the school did not meet any of the financial emergency conditions described in Section 218.503, Florida Statutes and was not in a deteriorating financial condition pursuant to Section 10.855 Rules of the Auditor General.

The SFVCS Board, which monitors the Florida Virtual Academy at Broward County (Charter School), entered into an Educational Products and Services Agreement for the period July 1, 2013 to June 30, 2019 with K12, which states "Thereafter, the agreement will automatically renew consistent with the extension of the Charter agreement unless either party provides the other with written notice of non-renewal at least two years before the expiration of the then current term or if other certain conditions are met resulting in an earlier termination. During the term, K12 and Affiliates shall license to the Charter School solely for use in the Charter School's educational program, on a non-exclusive, non assignable, non-sublicensable basis, the products and offerings of K12 curriculum, access to its online school and designated learning management systems and/or available third party curriculum, instructional tools and other products and offerings collectively known as Educational Products."

The contract further calls for K12 to be responsible and accountable to the SFVCS Board for administrative and technology services, including operation and performance of the Charter School in accordance with the Charter School's Charter contract, the statement of mission and purpose, and the laws of the State of Florida. An administrative services fee of 15% and a technology services fee of 7% of the Charter School's Program Revenues compensate K12 for the services provided. Program Revenues represent all revenues and income generated or appropriated for and received by or on behalf of the Charter School as attributed to any Student, the Charter School or the Program. As of December 15, 2015, the Florida Virtual Academy at Broward County Charter School had an enrollment of 222 students.

In addition, the contract stated that regardless of the service fees described above under the agreement, K12 assumes the risks, except as otherwise set forth in the agreement, that its fees may not allow it: i) to operate profitably, and/or ii) to fully recover the amounts invoiced by K12 to the Charter School in accordance with the agreement. In addition, the parties agree that the program will not conclude a fiscal year during the agreement term in a negative net position. If the Charter School ends a fiscal year in a negative net position, the parties agree that K12 will provide sufficient credits ("Balanced Budget Credits") to be applied to K12 invoices to ensure that the program does not experience a negative net position at the end of said fiscal year. A typical balanced budget credit would reduce expenses charged from K12 and reduce the payable balance due to K12 from the Charter School. Expenses to be reduced include curriculum expenses, materials expenses, computer lease expenses, and the management and technology

fees. Should the Charter School end a fiscal year in a positive net position, as evidenced by its audited financial statements, and K12 has issued balanced budget credits in prior years for which a balance remains, the Charter School will reimburse K12 up to the cumulative amount of previously issued balanced budget credits. In no single fiscal year will the amount of any remittance exceed 50% of the then current fiscal year positive net position, as determined by an independent audit before the payment of balanced budget credits. At the end of the term, if there is a cumulative balance from prior years of balanced budget credits which have not been remitted, such credits will be forgiven by K12, subject to the termination provisions of the agreement. The balanced budget credits issued for FY 2015 totaled \$430,723 and the FY 2014 balanced budget credits were \$185,348 for a two year total of \$616,071.

We would like to thank the SFVCS Board and K12 staff for their cooperation during the audit.

Submitted by:

Patrick Reilly, CPA
Chief Auditor
Office of the Chief Auditor

SECTION I
MATRIX

Excerpts from October 6, 2015 Letter

(1) It has recently come to our attention that during the 2014-2015 school year the South Florida Virtual Charter School Board ("SFVCS Board") engaged in certain related party transactions that appear to contravene Florida ethics laws (*Fla. Stats.* § 1002.33(26)(a), § 112.313, § 112.3143), although we are not in a position to make a conclusive determination that the SFVCS Board or its members have engaged in wrongdoing or improper misconduct. We have neither the authority nor ability to conduct the type of investigation necessary to make such a determination.

(2) Moreover, while we have read only access to banking and accounting records for the combined SFVCS Board accounting reserves, we do not have access to all of the banking and accounting records of the SFVCS Board or its members, which would be necessary to determine the ultimate use of any transferred funds. As a provider in Florida's public education system, however, we believe we have a responsibility to convey this information so the Districts can take whatever steps they deem appropriate to maintain the fiscal integrity of the Districts' programs.

Review and Analysis by the Office of the Chief Auditor

1. The Office of the Chief Auditor confirmed the violations of Florida Statutes, the Virtual Charter School Agreement and the Educational Products and Services Agreement (see Findings 1 and 2).
2. We have confirmed that K12 has "read only" access to banking and accounting records for the SFVCS Board's Reserve account. We confirmed that K12 does not have access to other Board members' banking and accounting records, specifically the United Schools Association bank account(s) (USA), of which Mr. Phil Morgaman is the Chairman and CEO.

See pages 35 – 86 for full text of October 6, 2015 letter with Attachments A – J.

Excerpts from October 6, 2015 Letter

(3) On September 24, 2014 Philip E. Morgaman became Chairman and President of the SFVCS Board. (Attachment A). Mr. Morgaman is also the Chairman and CEO of a not-for-profit corporation, United Schools Association, Inc. ("USA"), that has contracted with SFVCS. (Attachment B). According to USA's Annual Report filed February 9, 2015, Dane G. Taylor is the Chief Administrative Officer and Registered Agent for USA. (Attachment C). Currently there are four members on the SFVCS Board, including Chairman Morgaman, Susan Goldstein, Raphael Quintero and Geniza Madden. Ms. Madden currently serves as the secretary of the SFVCS Board and was elected on Mr. Morgaman's motion during the November 13, 2014 SFVCS Board meeting. (Attachment D). Ms. Madden is also the Registrar for USA and a longtime associate of Mr. Morgaman, which was not disclosed on the record or in the minutes when she was elected. In fact, there was a concern raised by one board member that normally board members would receive a resume of prospective new board members for whom they are voting. Mr. Morgaman insisted that there was urgency to move forward prior to getting the resume of Ms. Madden and made the motion to approve her as the new board member without a resume. (4) In addition, Mr. Quintero served as a Director in Aequicap Insurance Company, a for-profit Florida corporation founded and chaired by Mr. Morgaman. That company is now in receivership by the Florida Department of Financial Services. *In re: Receivership of Aequicap Insurance Company*, 2011 CA 0494, 2015 CA 000456 (2d Jud. Cir. Fla. 2011). Mr. Quintero also served as a director in other entities for which Mr. Morgaman served as Chairman, including AequiCap Services Group, Inc. and Aequicap Risk Managers, Inc.

See pages 35 – 86 for full text of October 6, 2015 letter with Attachments A – J.

Review and Analysis by the Office of the Chief Auditor

3. The Office of the Chief Auditor (OCA) substantiated this information. Ms. Geniza Madden had been attending the SFVCS's Board meetings and preparing the minutes of the Board meetings prior to her joining the SFVCS's Board as a Director. The SFVCS Board members stated that Ms. Madden was added to the Board due to K12's request that a Board member needed to attend a November 2014 Florida Charter Conference in Orlando, Florida or the Charter School could lose grant funds. The OCA confirmed with the FLDOE, Charter Schools' Director, Adam Emerson, that the terms of the grant funds required attendance by a Board member at the November conference. K12 is a vendor to SFVCS and not a voting member of SFVCS, with regard to selecting new Board members. Although the SFVCS Board minutes do not mention that Ms. Madden worked for USA, there were emails exchanged that reflected Ms. Madden was Mr. Morgaman's Executive Secretary. Ms. Susan Goldstein, a SFVCS Board member, was the person who questioned the process that a resume would be needed before voting on a new Board member. The SFVCS Board approved Ms. Madden's appointment to the Board on November 13, 2014. Mr. Morgaman stated that Ms. Madden's resume and background check were completed after her Board appointment date. OCA verified the background check was completed. Both SFVCS Board members and K12 staff knew Ms. Madden. Ms. Madden also attended the 2015 Florida Charter Conference in Orlando, Florida.
4. The OCA confirmed that Rafael Quintero served as a Director for Aequicap Insurance Company, a for-profit Florida corporation founded and chaired by Mr. Morgaman. Also, the OCA confirmed through the Florida Department of State, Division of Corporations that Mr. Quintero served as a Director in other entities, for which Mr. Morgaman served as Chair, including Aequicap Services Group, Inc. and Aequicap Risk Managers, Inc.

Excerpts from October 6, 2015 Letter

(4) Continued

Review and Analysis by the Office of the Chief Auditor

In regard to Aequicap Insurance Company, the OCA verified that there was litigation in the amount of \$121 million, that the Department of Financial Services' attorneys filed and the Insurance Company for Aequicap Insurance settled the case for \$10 million for the amount equal to the Officers' and Directors' insurance policy. The insurance company holding the policy chose not to defend the case and settled for the \$10 million value of the policy. The Department of Financial Services is pursuing a million dollar claim against Gulfcoast Transportation, Inc., a company associated with Aequicap Insurance Company.

(5) Soon after Mr. Morgaman became the SFVCS Board Chairman, he instituted a change in check signing policy from one which required two signatures on checks over a minimal amount to one which authorized checks of any amount to be signed singly by the SFVCS Board President or Treasurer. (Attachment A). K12's finance representative advised Mr. Morgaman and Ms. Madden that "K12 strongly discourages single signature check signing and suggests that this practice be voted on by the Board, with understanding that the Board, and not K12, would assume full risk of any mismanagement of funds or improprieties."

See pages 35 – 86 for full text of October 6, 2015 letter with Attachments A – J.

5. The OCA substantiated that Mr. Morgaman instituted a change in the check signing policy from one which required two signatures on checks to one which authorized checks of any amount to be signed singly by the SFVCS Board President or Treasurer. This change occurred at the September 24, 2014 SFVCS Board meeting. The Board minutes stated that there was discussion regarding the check signing authorizations, but did not identify what was stated or by whom (see page 42).

Excerpts from October 6, 2015 Letter

(6) On December 4, 2014, Mr. Morgaman, as Chairman of the SFVCS Board, signed a check on the Board's Citibank account in the amount of \$25,000 made payable to Dane G. Taylor, for "Contract Monitoring and MGMT Svcs." (Attachment E). A Memorandum of Understanding (MOU) dated "December 1, 2014 (Effective September 15, 2014)" was signed by Mr. Morgaman as Chairman and President of the SFVCS Board and by Dane G. Taylor. (Attachment F). The MOU stated that Mr. Taylor was being paid to provide services on a "part-time, as needed" basis "commencing September 15th, 2014 for sixteen (16) months" and that he would be paid \$40,000 in total. The reserve account ledger through June 2015 reflects that Dane G. Taylor received monthly payments of \$1,250 from January 15 through June 15, 2015. (Attachment G). The MOU also made it clear that \$15,000 of the \$25,000 paid on December 4, 2014 constituted an advance payment for services to be rendered in 2015. The Board's then existing fiscal control policy provided that with limited exceptions not applicable here, "[c]ompensation and any other payments for goods and services may not be paid in advance." (Attachment H). We are not aware of any actual consulting or monitoring services that were rendered in exchange for these payments.

See pages 35 – 86 for full text of October 6, 2015 letter with Attachments A – J.

Review and Analysis by the Office of the Chief Auditor

6. The OCA substantiated that a contract monitoring and management services agreement was signed and approved by Mr. Morgaman and Dane G. Taylor on December 1, 2014. As of December 2015, a total of \$40,000 has been paid to Mr. Taylor. In addition, it was substantiated that the Fiscal Policy and Procedures Manual states "compensation and any other payments for goods and services should not be paid in advance of receipt of goods and services." In response to the statement by K12 "We are not aware of any actual consulting or monitoring services that were rendered in exchange for those payments", OCA noted the following information:

Per the agreement's terms, it states that Mr. Taylor's duties included "Engage in weekly contact with the Head of School for the Board's Charter Schools and receive weekly briefing on all pending matters which may affect the school's Charter compliance, economic performance, academic performance or other material issues and summarize and transmit such briefing to the Board." A discussion with Sharon Williams, temporary K12 HOS, occurred on November 20, 2015. She stated she has been the temporary HOS since September 2015. She stated she had been supporting the former HOS, Karen Parker, beginning in July 2015. She added, as of July 2015, she has been involved with the Charter School; however, the duties previously mentioned of engaging in weekly contact with her had not taken place. She stated she has not had any conversations with Mr. Taylor. She added she has no correspondence, emails nor have any reports been exchanged between them. She stated that she met Mr. Taylor at the October 5, 2015 SFVCS Board meeting for the first time. She stated she did not understand his role and had not seen or heard from him since October 5, 2015. In addition, the District's Charter Schools Management/Support Office staff

Excerpts from October 6, 2015 Letter

(6) Continued

Review and Analysis by the Office of the Chief Auditor

stated that they had never worked with Mr. Taylor on the Virtual Programmatic Review, which was performed on May 5, 2015. Lastly, the SFVCS Board minutes from September 8, 2015 stated the following:

“Mr. Taylor presented that we have completed our marketing efforts. We have referred approximately 40 leads over to K12, but until we have year-by-year enrollment data, we cannot judge the marketing efforts. We will defer evaluation until we have the numbers from K12.” The OCA determined that none of the leads resulted in enrolling any of the 40 leads. As of December 2015, no evaluation of the marketing effort has been conducted. Although no reports were provided, the emails reviewed cover areas Mr. Taylor stated he worked on and minutes indicate that he presented items at the Board meetings (see page 92).

Excerpts from October 6, 2015 Letter

(7) On April 16, 2015, in his capacity as Chairman and President of the SFVCS Board, Mr. Morgaman wrote a check to his firm, USA, from the Board's Citibank account in the amount of \$60,000. (Attachment D). The memo line described the check as a payment for "consulting Procurement Agreement deposit." The referenced "Consulting Procurement Agreement" was entered on April 15, 2015 between the SFVCS Board and USA, and signed by Mr. Morgaman as President of the SFVCS Board and by Dane G. Taylor as CAO of USA. (Attachment J). The Agreement states that USA will "seek out" education experts, "connect" them with staff and "engage their services upon approval." It further states that USA will not charge "any markup or fee for its services hereunder." The \$60,000 was also an advance payment for services to be performed through June 30, 2015.

See pages 35 – 86 for full text of October 6, 2015 letter with Attachments A – J.

Review and Analysis by the Office of the Chief Auditor

7. The OCA substantiated that the transactions occurred. We determined that \$60,000 was transferred from the SFVCS Board's Reserve bank account into a USA bank account on April 16, 2015. On September 18, 2015, a check was issued from a USA checking account in the amount of \$19,500 to Green Advertising Inc., as a partial payment toward a \$108,974 invoice. OCA requested a copy of the check and it was determined that the check was never cashed. A replacement check was issued on November 16, 2015 for the advertising cost and that check was cashed, per the vendor. In addition, a total of \$33,000 was contracted with two consultants and another \$7,500 was returned to the SFVCS Board's Reserve bank account on July 8, 2015. On June 30, 2015, a total of \$52,500 was expensed and recorded in the audited financial statements for the Broward County Charter School in the amount of \$38,400 and for \$14,100 for the Palm Beach Charter School. On November 8, 2015, a total of \$33,000 for consultants was returned to the SFVCS Board's Reserve bank account, due to the fact that the consultants were never able to meet with K12 to perform the agreed-upon services. The result was that only \$19,500 in advertising expenses was ever spent by USA in purchasing services for the SFVCS Board. A total of \$52,500 (88% of the \$60,000) was held by USA for over 6 months. As of December 20, 2015, a total of \$108,973.75 has been spent on marketing by the SFVCS Board. An additional \$63,477.92 has been paid from the SFVCS Board Reserve account and \$25,995.83 for August invoices remain unpaid. This, in addition to K12's marketing expenditures paid, resulted in duplication of marketing expenditures using State FTE Funding.

Excerpts from October 6, 2015 Letter

(8) K12 first learned of Mr. Morgaman's transactions and Mr. Taylor's connection to USA while reviewing supporting documentation provided by the SFVCS Board during the annual fiscal year audit completed on September 30, 2015. As indicated above, we are reporting these transactions to enable the Districts to conduct whatever investigations they deem necessary to ensure compliance with the Districts' fiscal policies. (9) We note that Broward Policy 4413 governing such reports by District employees and agents provides that "the district will maintain confidentiality of [such] reports ... to the extent consistent with the conduct of an appropriate investigation and the District's obligations under the Freedom of Information Act and Florida Statutes, Chapter 119." To the extent possible we ask that your offices and the Districts accord that same level of confidentiality to this matter.

See pages 35 – 86 for full text of October 6, 2015 letter with Attachments A – J.

Review and Analysis by the Office of the Chief Auditor

8. Based on the information examined, K12's management should have been aware of Mr. Morgaman's transactions and Mr. Taylor's connections to USA prior to the annual fiscal year audit that was being finalized on September 30, 2015. There were K12's Heads of School and/or financial administrators present at the SFVCS Board meetings; minutes of the Board meetings were posted on K12's website; emails between K12's staff and USA's staff identified USA email addresses and the signature blocks of USA; Board members' profiles identifying that two of them worked at USA are posted on K12's website; Board meetings were held at USA's office, as well as review of bills with K12's Finance Director with USA staff in their Deerfield Beach, Florida office; and K12's ability to access the SFVCS's Board Reserve Bank account.

The SFVCS Board minutes of September 24, 2014 do not identify the individuals who had concerns with check signing authorization changes or the increase to the Board Reserve Bank account from 3% to 10%. K12's Finance Director, John Kramer, stated he had questioned both items at the September 24, 2014 Board meeting.

After the October 5, 2015 SFVCS Board meeting, the following day, K12 sent the October 6, 2015 letter to the Superintendents of Broward and Palm Beach County Public Schools. The SFVCS Board minutes of the October 5, 2015 Board meeting for the Broward Charter School did not reflect any discussion, since there was not a quorum. The October 5, 2015 SFVCS Board meeting for the Palm Beach Charter school disclosed the issue that for thirteen months, there were no objections regarding Board directed reserves.

Excerpts from October 6, 2015 Letter

(8 and 9) Continued

Review and Analysis by the Office of the Chief Auditor

The OCA substantiated that at the time the fiscal year audit was being completed, all of the details of Mr. Morgaman's transactions and Mr. Taylor's connection with USA were discussed with the accounting firm that performed the audit.

9. The OCA complied with School Board Policy 4413 Anti-Fraud during our audit. In reference to the October 6, 2015 letter from K12's Legal Counsel, the letter was obtained by the staff writer at the Palm Beach Post and an article appeared on the subject on October 15, 2015 (see Exhibit B, pages 87-89); therefore, the letter has been circulated as a public document.

SECTION II

FINDINGS

Finding No. 1

The South Florida Virtual Charter School Board, Inc.'s (SFVCS) Board Did Not Comply with the District's Virtual Charter School Agreement or with Florida Statutes Related to Conflicts of Interest/Related Party Transactions

The SFVCS Board, led by Mr. Philip E. Morgaman, initiated action to improve the academic performance of the school, based upon the Board's dissatisfaction with K12's efforts. The SFVCS Board, under the direction of Mr. Morgaman, entered into a consulting agreement with United Schools Association, Inc. (USA) to procure marketing services and to hire consultants to improve the performance of the Charter School. On April 16, 2015, Mr. Morgaman wrote a check for \$60,000 from the SFVCS Board Reserve bank account to USA (see page 82). Mr. Morgaman hired two consultants and an advertising company after the \$60,000 was deposited with USA. The Board Chair, Mr. Morgaman, is the Chair and Chief Executive Officer of USA. The related party transactions performed by the Chair that were authorized by the SFVCS Board and subsequently reported to the SFVCS Board violates the following:

- Virtual Charter School Agreement, Section 9.B.13 Governing Board Responsibilities states "avoid all conflicts of interest, including, but not limited to being employed by, owning, or serving on the Board of Directors of any entity which contracts with the School."
- Virtual Charter School Agreement, Section 2.D.1.a: Grounds for Good Cause states "Good cause for termination or non-renewal shall include, but not be limited to the following:" (21)(d) "the school's failure to comply with the conflict of interest provisions applicable to the Charter Schools."
- Virtual Charter School Agreement, Section 9.K.1: Compliance with Applicable Ethical Requirements states "No member of the School's Governing Board, acting in his/her private capacity, has sold services directly or indirectly to the School."
- Virtual Charter School Agreement, Section 9.K.5: Compliance with Applicable Ethical Requirements states "A violation of any of the foregoing provisions shall constitute a material breach of this Charter and good cause for its termination."
- Florida Statute 112.313(3) Doing Business with One's Agency – states "No employee of an agency acting in his or her official capacity as a purchasing agent, or public officer acting in his or her official capacity, shall either directly or indirectly purchase, rent, lease any realty, goods, or services for his or her own agency from any business entity of which the officer or employee or the officer's or employee's spouse or child is an officer, partner, director, or proprietor or in which such officer or employee or the officer's or employee's spouse or child or any combination of them has a material interest. Nor shall a public officer or employee acting in a private capacity, rent, lease or sell any realty, goods or services to the officer's or employee's own agency, if he or she is a State officer or employee or to any political subdivision or agency thereof, if he or she is serving as an officer or employee of that political subdivision."
- Florida Statute 112.313(7) Conflicting Employment or Contractual Relationship (a), states "No public officer or employee of an agency shall have or hold any employment or contractual relationship with any business entity or any agency which is subject to the

regulation of, or is doing business with, an agency of which he or she is an officer or an employee, excluding those organizations and their officers who, when acting in their official capacity, enter into or negotiate a collective bargaining contract with the State of any municipality, county or other political subdivision of the State; nor shall an officer or employee of an agency have or hold any employment or contractual relationship that will create a continuing or frequently recurring conflict between his or her private interests and the performance of his or her public duties or that would impede the full and faithful discharge of his or her public duties.”

A review of the audited financial statements for the fiscal year ended 2014-2015, performed by King & Walker, CPA, identified the Related Party Transaction in the Notes to the Financial Statements. Specifically, they stated that the Charter School entered into a consulting agreement with USA to procure services of consultants and experts in certain fields to improve the performance of its students and to promote enrollments. King & Walker, CPA noted that the SFVCS Board Chair is the Chairman and Chief Executive Officer of USA.

We noted that on April 15, 2015, a Consulting Procurement Agreement was created between the SFVCS Board and USA (see pages 84-85). The parties agreed that USA would seek out experts in the area of student performance enhancement, supplemental teacher training, ancillary student services and student recruitment and retention for the benefit of the Board’s Virtual Charter Schools in Broward and Palm Beach counties. The agreement stated that USA would engage the approved experts to avail the Board of favorable pricing whenever achievable without markup fees for the services procured. USA intended to function as a volunteer advisor to the Board and conduit for engagement of expert services only. The budget for this contract was \$60,000 and that amount was sent as a retainer to USA. This agreement was signed by Mr. Morgaman representing the SFVCS Board and by Mr. Dane Taylor, representing USA. Both are full time employees of USA.

During our interview with Mr. John Kramer, K12’s Finance Director, he stated that he was not aware of Mr. Morgaman’s transactions or connection to USA. It was also stated in the October 6, 2015 letter from K12’s General Counsel, Mr. Howard Polsky, that K12’s management was not aware of Mr. Morgaman’s transactions or connection to USA until September 2015. The SFVCS Board disagrees with K12’s statements, based on the fact that multiple K12 staff attended the Board meetings, participated in the discussions, as evidenced in the minutes of both Broward and Palm Beach Charter Schools. The Broward and Palm Beach Charter Schools share expenses paid from the Board’s Reserve bank account at a 64 / 36% split, respectively. These minutes are posted on K12’s website and K12’s staff has review rights to the Board’s Reserve bank account and were provided back-up documentation. In addition, Mr. Kramer had met with USA staff in USA’s office. Also, Mr. Morgaman and his USA staff forwarded several prior emails between USA’s staff and K12’s staff that contained the name “United Schools Association” which shows that K12 should have been aware of Mr. Morgaman’s transactions (see pages 90-95).

Both K12’s management and the SFVCS Board agreed that there were reservations by K12 to have the SFVCS Board increase its Reserve bank account for Board directed expenditures. In September, 2015, they went back to assigning a 5% Reserve for the Board and an additional 5% that can be accessed by K12 or the SFVCS Board with approval.

Background

On October 6, 2015, we received a letter from Mr. Howard D. Polsky, Executive Vice President, General Counsel and Secretary of K12, which stated that during the 2014-2015 school year, the SFVCS Board engaged in certain related party transactions that appeared to contravene Florida ethics laws.

We reviewed the SFVCS Board's minutes and interviewed various individuals related to K12 and the SFVCS Board and determined the following:

At the September 24, 2014 SFVCS Board meeting:

- Mr. Philip Morgaman was unanimously voted in as a new Board member.
- Mr. Morgaman was unanimously selected as Chairman and President of the SFVCS Board.
- A 10% Reserve for Board directed expenditures was proposed and approved.
- Mr. Morgaman was given authority to sign checks on a newly opened bank account entitled "Board Account".
- Mr. Morgaman was given authority to approve the Board policies as presented or amended.

At the November 13, 2014 SFVCS Board meeting, the following was approved:

"The President is authorized to expend Board designated funds for the purpose of monitoring the performance of authorized contractors, compliance with Board adopted policies, research, data compilation and logistical support of the officers and Board in performance of their duties pursuant to the articles and bylaws of the corporation and/or the respective school charters. The President will report any such expenditures to the Board at the next meeting after they are incurred."

The authority of the President to expend Board Reserve funds and report expenditures at the next Board meeting eliminated all internal controls and the Board's function of approving and voting on such expenditures during the SFVCS Board meetings.

A review of the marketing vendor selected disclosed that Green Advertising Inc. had been used by USA for many years. The consultants hired were highly regarded and were selected by USA.

As of the date of this report, of the \$60,000 transferred into the USA account, only \$19,500 was paid to Green Advertising. On July 8, 2015, \$7,500 was returned to the SFVCS Board Reserve account, identified as unused. A negotiated fee totaling \$33,000 for two consultants was returned on November 18, 2015 to the SFVCS Board Reserve account. The return of cash was due to the inability to arrange a meeting with K12, and the absence of a Head of School (see page 96).

We also noted on July 15, 2015, check #1018, in the amount of \$63,477.92 to Green Advertising, was paid for radio commercials, outdoor billboards and other marketing expenses, from the SFVCS Board Reserve bank account (see page 99). We noted two invoices for August 2015 activity have not been paid in the amount of \$25,995.83.

Per our discussion on October 12, 2015, Mr. Morgaman stated that the \$19,500 would be returned to avoid the appearance of any conflicts of interest.

On October 22, 2015 the SFVCS Board meeting minutes and the SFVCS Board Reserve account show a check was written to Mr. Samuel Navon, Esquire for \$10,000 as a retainer for a variety of issues, including an opinion on whether the \$19,500 should be returned. On November 9, 2015, check #1024 in the amount of \$10,000 was issued to the attorney (see page 96).

Recommendation

We recommend that the SFVCS Board comply with all Florida State Statutes and requirements of the Virtual Charter School Agreement between the SFVCS Board and the District, in order to avoid any conflicts of interest.

We recommend that the SFVCS Board revise their bylaws to rescind the change to the bylaws that was made on November 13, 2014, giving the President authorization to expend Board designated funds and report such expenditures to the Board at the next meeting. Expenditures should be discussed by the Board and approved by the Board members prior to expending funds, in order to tighten internal controls over expenditures and maintain transparency.

Although the Fiscal Policies and Procedures Manual required dual signatures on checks, the existing practice was to sign checks requiring only one signature. We recommend that the SFVCS Board revise their bylaws to require dual signatures on all checks.

We recommend that the SFVCS Board revise their bylaws to rescind the change to the bylaws that was made on September 24, 2014 increasing the Reserve for Board directed expenditures from 3% to 10%. We recommend that the Board re-establish the 3% Reserve percentage. We also recommend that Board expenditures be limited to Board related expenditures, such as ethics courses, travel related to school activities and legal expenditures that affect the Board, as needed. The Board's role to manage and oversee the Charter School should not include day-to-day operations, such as marketing expenditures. The Educational Products and Services agreement with K12 includes all educational services including marketing programs.

We agree with Mr. Morgaman's statement to us on October 12, 2015, where he stated he would return \$19,500 paid by USA under the Consulting Procurement Agreement signed by Mr. Morgaman and Mr. Taylor, who are both working at USA.

Finding No. 2

The South Florida Virtual Charter School Board, Inc.'s (SFVCS) Board Did Not Comply with Article 4.3.1 Exclusivity of the Educational Products and Services Agreement with K12, Resulting in Duplication of Marketing Expenses using FTE State Funds, which Reduced K12's Fees

As of December 20, 2015, a total of \$108,973.75 has been spent on marketing by the SFVCS Board. A total of \$82,977.92 has been paid and \$25,995.83 for August invoices remain unpaid. This, in addition to K12's marketing expenditures paid, resulted in duplication of marketing expenditures using State FTE Funding. The actions by the SFVCS Board did not comply with Article 4.3.1 Exclusivity. Under the Educational Products and Services Agreement, the SFVCS Board is not permitted to seek and obtain services that are duplicative of the services K12 is providing for students. If the SFVCS Board does find something that K12 does not offer, then K12 should have first right of refusal before the SFVCS Board obtains services from another vendor. This process was not adhered to by the SFVCS Board.

Background

Per the Educational Products and Services Agreement between the SFVCS Board and K12, Article 4.3.1, the following requirements outline the procedures:

4.3.1. Exclusivity. K12 shall be the sole provider of the Educational Products and Services for the Program unless otherwise waived in writing by an authorized officer of K12. Nothing within this provision, however, shall be construed to preclude the Board in the exercise of its fiduciary obligations to the Charter School. Moreover, the SFVCS' Board shall be permitted to procure goods and services from a third party to the extent required by law, solely provided such goods and services are not otherwise included in the Educational Products and Services. Prior to any third party procurements, the Board shall give K12 a thirty (30) day right of first refusal to provide such services or goods not enumerated herein or in the future, and if K12 is able and willing to provide such services or goods the School shall procure them from K12.

Our analysis of the SFVCS Board meeting minutes noted that the Board unanimously adopted a change to the SFVCS Board President's function, specifically:

"The President is authorized to expend Board designated funds for the purposes of monitoring the performance of authorized contractors, compliance with Board adopted policies, research, data compilation and logistical support of the officers and Board in performance of their duties pursuant to the articles and bylaws of the corporation and/or the respective school charters. The President will report any such expenditures to the board at its next meeting after they are incurred."

As Chair and President of the SFVCS Board, Mr. Philip Morgaman and the Board attempted to address their dissatisfaction with the performance of K12's academic services being provided to students and to increase the marketing effort.

When we discussed this item with Mr. Morgaman, he explained that on April 15, 2015 a Consulting Procurement Agreement was signed between the SFVCS Board and United Schools Association (USA) (see pages 84-85). On April 16, 2015, a check for \$60,000 was prepared from the SFVCS Board Reserve account and deposited into a USA bank account (see page 82). Mr. Morgaman is the Chair and CEO of USA. The monies were to be used for the Florida Virtual School of Broward and the Florida Virtual School of Palm Beach. He explained that USA was used as a pass through and no mark up or consideration was included. The objective was to facilitate the design of a marketing plan, obtain advertising and hire experts outside of K12 to review the academic failures of performances at the school, also, to design training modules, conduct training and design and execute enrollment and retention improvement efforts.

In December 2015, a reconciliation of the \$60,000 deposited with USA on April 16, 2015 disclosed that on July 8, 2015, \$7,500 was returned to the SFVCS Board Reserve account on July 8, 2015, identified as unused funds. On September 18, 2015, check #1029 in the amount of \$19,500 was paid to Green Advertising for marketing services from USA's checking account (see page 97). On November 13, 2015, our office requested a copy of the front and back of check #1029 from Mr. Morgaman to substantiate the payment. We were provided new information stating that check #1029 could not be located by Green Advertising; and therefore, was never cashed. Mr. Morgaman provided documentation which showed that a stop payment was placed on November 17, 2015, four days after our inquiry. A replacement check (#2352) was issued by USA on November 16, 2015 and cleared the bank on November 29, 2015 (see page 98). In addition, two other consultants were hired for \$18,000 and \$15,000 each. Mr. Morgaman stated that these consultants were not used, due to the inability to arrange a meeting with K12, and the absence of a Head of School. The efforts to use the consultants were no longer pursued and the \$33,000 was returned to the SFVCS Board Reserve account on November 13, 2015 (see page 96). Mr. Morgaman was aware on July 31, 2015 that the \$33,000 for consultants had been cancelled (see page 126); however, the \$33,000 was expensed by the accountants on September 30, 2015 for inclusion in the 2014-15 financial statements. As noted above, the \$33,000 was not returned until November 13, 2015, three and a half months later.

We also noted on July 15, 2015, check #1018, in the amount of \$63,477.92 to Green Advertising was paid for radio commercials, outdoor billboards and other marketing expenses, from the SFVCS Board Reserve account (see page 99). A total of \$25,995.83 for August invoices remain unpaid. There has been no analysis of the success of the advertising program because the SFVCS Board could not get the enrollment information from K12. The OCA determined that none of the forty leads, as a result of the additional marketing expenditures, resulted in increased enrollment at the Broward Charter School.

Recommendation

The SFVCS Board is given the authority to monitor their Charter School; however, the Board should not spend funds for services that are already being performed by K12 under its contract. If the SFVCS Board is not satisfied with K12's services, they should follow the contract terms to remedy their concerns. Per contract terms, K12 is being paid to perform services. The SFVCS Board's dissatisfaction with those services has resulted in the Board's duplicating expenditures, using State FTE funds. The procurement of additional marketing expenditures by the Board resulted in increased Balanced Budget Credits (see Finding No. 4, page 27). As stated in Section 4. FINANCIAL MATTERS of the Agreement, K12 agrees that they will provide sufficient credits (Balanced Budget Credits) to be applied to K12 invoices to ensure the program does not experience a negative net position at the end of a fiscal year.

The Office of the Chief Auditor recommends the following:

1. The SFVCS Board should comply with Article 4.3.1 of their agreement with K12 in order to ensure duplicative services are not occurring by both parties to the Agreement.
2. In circumstances where any expenditures by the SFVCS Board are needed and in compliance with Article 4.3.1 of the Agreement, all expenditures should be paid from the SFVCS Board Reserve account. Any transactions involving a pass through to another company (i.e. USA) should be prohibited.

The SFVCS Board, as a party to the contract, and K12, operating as a vendor under the contract, must follow the terms of the contract. If the SFVCS Board or K12 cannot resolve all disputes, a termination for cause can be triggered. Article 11.1 identifies the parties' options for termination.

11. TERMINATION. Events of termination are as follows, and the Parties further agree that should any termination clause be triggered, then all reasonable steps will be taken to avoid any termination during a school year:

11.1. Termination for Cause. The Parties shall use good faith efforts to resolve all disputes relating to this Agreement as set forth in Section 21; however, either Party may terminate this Agreement at any time with ninety (90) days' prior written notice to the other Party for cause. Termination for cause shall mean the breach of any material term or failure to fulfill any material condition, term, provision, representation, warranty, covenant or obligation contained in this Agreement, and a failure to cure such a breach within forty-five (45) days after receiving written notification from the terminating Party. Upon termination of this Agreement, the non-breaching Party shall be entitled to seek any remedies for which it would be entitled at law or in equity. The Parties agree that the then current school year will be completed prior to the effectiveness of a termination unless doing so would result in irreparable harm.

Finding No. 3

Strengthen Internal Controls and Evaluate the Contract Administrator's Function, Compensation and Required Accountability for Hours Worked, Duties Performed and Project Deliverables

On December 1, 2014, a Contract Monitoring and Management Services Agreement was prepared and signed by Mr. Philip E. Morgaman, the President and Chair of the SFVCS Board and signed by Mr. Dane G. Taylor.

Our audit of the Contract Monitoring and Management Services Agreement disclosed the following:

- The letter sent on October 6, 2015 from K12's General Counsel stated "We are not aware of any actual consulting or monitoring services that were rendered in exchange for those payments." (See page 36.)
- Per the agreement's terms, it states that Mr. Taylor's duties included "Engage in weekly contact with the Head of School for the Board's Charter Schools and receive weekly briefing on all pending matters which may affect the school's Charter compliance, economic performance, academic performance or other material issues and summarize and transmit such briefings to the Board." (See pages 55-56.) A discussion with Ms. Sharon Williams, temporary K12 HOS, occurred on November 20, 2015. She stated she has been the temporary HOS since September 2015. She stated she had been supporting the former HOS, Ms. Karen Parker, beginning in July 2015. Ms. Williams added, as of July 2015, she has been involved with the Charter School; however, the duties previously mentioned of engaging in weekly contact with her had not taken place. She stated she has not had any conversations with Mr. Taylor. She added she had no correspondence, emails or reports that were exchanged between them. She stated that she met Mr. Taylor at the October 5, 2015 SFVCS Board meeting for the first time. She stated she did not understand his role and had not seen or heard from him since October 5, 2015. Per discussion with Mr. Morgaman and Ms. Susan Goldstein (former President and Chair, currently Treasurer of the SFVCS Board), an agreement was made with Mr. Taylor after approaching him and offering him the position. Mr. Taylor's assistance was needed for corrective action plans because of low aggregate grades, resolving declining enrollment issues and repeated requests for information by K12 staff, due to constant turnover. Mr. Morgaman stated that there were multiple emails between K12 staff and Mr. Taylor, which reflected discussions pertaining to enrollment, advertising and projects (see pages 90-92). He added that the minutes of the SFVCS Board meetings also reflected that Mr. Taylor attended the Board meetings and presented reports to the Board (see pages 93-95). The OCA determined that the District's Charter Schools Management/Support Office has never met with Mr. Taylor or discussed the Virtual Programmatic Review with him.
- On December 4, 2015, Mr. Taylor was paid \$25,000, (see page 53) of which \$15,000 was paid in advance for any part-time and as needed work per the Agreement. The Charter School's Fiscal Policies and Procedures states "Compensation and other payments for goods or services may not be paid in advance. In addition, Florida Statute 1011.60(3)(c)

Employment Policies states “No salary payment shall be paid to any employee in advance of services being rendered.”

- At the September 8, 2015 SFVCS Board meeting, the minutes reflected that Mr. Taylor presented that he had completed their marketing efforts and he had referred approximately 40 leads related to new enrollment for K12. He noted that since he did not have year-by-year enrollment data, they could not judge the marketing efforts. Per Mr. Morgaman, the Board still hasn’t seen the data from K12. As a follow-up, we reviewed the list of leads and determined that none of the leads resulted in new enrollments for the Charter School.
- The terms of the Contract Monitoring and Management Services agreement state that Mr. Taylor’s duties shall include attending School Board or other meetings, as required. Mr. Taylor’s contract became effective September 15, 2014; however, he did not attend a SFVCS Board meeting until April 22, 2015 (see page 56).
- On April 15, 2015, a Consulting Procurement Agreement (see pages 84-85) was made between the SFVCS Board and USA. The agreement was intended to allow USA to procure services of consultants and experts in certain fields to improve the performance of the students and to promote enrollment. The agreement was signed by Mr. Morgaman, as President and Chair of the SFVCS Board and Mr. Dane Taylor, as Chief Administration Officer of USA. This arrangement resulted in two USA employees signing an agreement with each other, where Mr. Morgaman was a party to the contract as the owner for the SFVCS Board and Mr. Taylor was a vendor for USA, while working part-time for the SFVCS Board. In our opinion, this arrangement resulted in a conflict of interest (see Finding 1, pages 16-19).
- The Agreement with the SFVCS Board states that the Board shall compensate Mr. Taylor at the rate of \$2,500 per month (see pages 55-56). The Agreement is structured as part-time, on an as needed basis. There are no time sheets for hours worked, work log of duties performed or projects delivered. The SFVCS Board is calling the job’s payment method a stipend, however it is set up as a part-time position.

Background

On November 13, 2014, the SFVCS Board unanimously adopted a change to a Board policy, which authorized the Board President to expend Board designated funds for the purpose of monitoring the performance of authorized contractors, compliance with Board adopted policies, research data compilation and logistic support of the officers and Board in the performance of their duties. The President was to report any such expenditures to the SFVCS Board at its next meeting.

On December 4, 2014, Mr. Morgaman, as the President and Chair of the SFVCS Board signed a check on the Board’s Reserve account in the amount of \$25,000 made payable to Dane G. Taylor, which broke down to four months of stipends and a \$15,000 advance payment. The contract states “Mr. Taylor will provide services on a “part-time” as needed basis commencing September 15, 2014 and ending on December 15, 2015. As of December 15, 2015, a total of \$40,000 has been paid to Mr. Taylor, based upon a \$2,500 monthly compensation amount. Both Mr. Morgaman and Mr. Taylor have full time positions at USA (see pages 55-56).

Per discussion with Mr. Morgaman and Mr. Taylor on November 5, 2015, we were told that the contract was extended through June 15, 2016. This information will not be reported until the next SFVCS Board meeting, which is scheduled for May 26, 2016 Board meeting. The OCA determined K12 was not aware of the contract extension.

Recommendation

We recommend the following procedural changes to strengthen internal controls over contract monitoring, expenditures and deliverables.

- Revise the SFVCS Board's policy to eliminate the ability of the President/Chair to make expenditures and report them at a subsequent Board meeting. All SFVCS Board members should discuss and vote on the expenditures made from the Board's Reserve checking account. Charter Schools are also required to comply with Section 286.011, Florida Statutes, relating to public meetings and records, and requiring the School's business to be discussed and approved by the Governing Board at a publicly noticed meeting "in the sunshine."
- All checks should require dual signatures in order to prevent one person from handling the complete transaction independently.
- The Virtual Charter School Agreement, Article 2: General Provisions, Section 2.A: Approved Application: states "The School's approved application to operate a virtual Charter School is appended hereto as Appendix 1 and is incorporated herein by reference". Fiscal Policies & Procedures states that "three quotes should be obtained for purchases over \$10,000 and three competitive bids should be obtained for purchases over \$25,000".
- Any correspondence between the SFVCS Board's Contract Administrator and K12 staff should be kept by both parties and should be maintained for audit. In addition, if the SFVCS Board minutes reflect any contracts, presentations of reports, these should be included as part of the minutes.
- The Virtual Charter School Agreement, Article 2: General Provisions, Section 2.A: Approved Application: states "Compensation and any other payments for goods and services should not be paid in advance of receipt of goods or services."
- The Contract Manager should attend all SFVCS Board meetings, in compliance with the terms of the agreement.
- The Contract Manager's contract will expire on December 15, 2015; however, we were told by Mr. Morgaman that the contract had been extended until June 15, 2016. The next Board meeting is scheduled for May 26, 2016; therefore, the majority of the contract will be completed before the Board has the opportunity to review it. All new contracts should be signed and presented to the SFVCS Board for approval prior to the expiration of the original contract. The SFVCS Board should evaluate whether the Contract Manager's contract should be extended.
- We recommend that the SFVCS Board comply with all Florida State Statutes and requirements of the Virtual Charter School Agreement between the SFVCS Board and the District, in order to avoid any conflicts of interest.

- We recommend that part-time positions be based upon an hourly rate. In addition, time sheets should be prepared documenting hours worked and approved by a designated SFVCS Board member, prior to payment. Also, all part-time duties performed should be documented and all projects/presentations should be maintained per the Agreement.

Finding No. 4

Re-Evaluate the “Balanced Budget Credits” Process and Renegotiate Fees, Based on Budgeted Revenues

Our review of the Florida Virtual Academy at Broward’s audited financial statements and Educational Products and Services Agreement between the SFVCS Board and K12 disclosed the following:

- During the 2014-2015 school year, K12 billed the SFVCS Board for administrative and technology services, including operations and performance of the Florida Virtual Academy at Broward in the amount of \$879,380. Per the agreement, the parties agreed that the Charter School would not conclude a fiscal year in a negative net position. In order to comply with the agreement, K12 provided “Balanced Budget Credits” to K12 invoices in the amount of \$430,723 for the 2014-2015 school year. The “Balanced Budget Credits” in the amount of \$430,723 ensured that a negative net position would not occur on the audited financial statements. The audited financial statements showed a \$25,869 net position for the year. If the “Balanced Budget Credits” had not been issued, the Charter School would have had a negative net position of (\$404,854) and the balance sheet would have shown liabilities of \$801,318.

The effect of the “Balanced Budget Credits” transactions triggers a forced net position by providing credits against expenditures that were billed by K12 and reduces the Charter School’s liability.

Background

K12 is responsible and accountable to the SFVCS Board for administrative and technology services, including operation and performance of the Charter School in accordance with the Charter School’s charter contract, the statement of mission and purpose, and the laws of the State of Florida. An administrative services fee of 15% and a technology services fee of 7% of the Charter School’s Program Revenues compensate K12 for the services provided. Program Revenues represent all revenues and income generated or appropriated for and received by or on behalf of the Charter School as attributed to any Student, the Charter School or the Program.

In addition, Section 4 Financial Matters of the contract states that regardless of the service fees described above under this agreement, K12 assumes the risks, except as otherwise set forth in the agreement, that its fees may not allow it: i) to operate profitably, and/or ii) to fully recover the amounts invoiced by K12 to the Charter School in accordance with the agreement. In addition, the parties agree that the program will not conclude a fiscal year during the agreement term in a negative net position. If the Charter School ends a fiscal year in a negative net position, the parties agree that K12 will provide sufficient credits (“Balanced Budget Credits”) to be applied to K12 invoices to ensure that the program does not experience a negative net position at the end of said

fiscal year. A typical balanced budget credit would reduce expenses charged from K12 and reduce the payable balance due to K12 from the Charter School. Expenses to be reduced include curriculum expenses, materials expenses, computer lease expenses, and the management and technology fees. Should the Charter School end a fiscal year in a positive net position, as evidenced by its audited financial statements, and K12 has issued balanced budget credits in prior years for which a balance remains, the Charter School will reimburse K12 up to the cumulative amount of previously issued balanced budget credits. In no single fiscal year will the amount of any remittance exceed 50% of the then current fiscal year positive net position, as determined by an independent audit before the payment of balanced budget credits. At the end of the term, if there is a cumulative balance from prior years of balanced budget credits which have not been remitted, such credits will be forgiven by K12, subject to the termination provisions of the agreement. The balanced budget credits issued for FY 2015 totaled \$430,723 and the FY 2014 balanced budget credit was \$185,348 for a two year total of \$616,071.

The former SFVCS Board Chair, Ms. Susan Goldstein, obtained an opinion from a CPA firm regarding the proper accounting treatment for “Balanced Budget Credits”. The CPA firm opined that the “Balanced Budget Credits” do not meet the accounting test to “recognize or record the obligation since the “Balanced Budget Credits” will not be due until the school is in a positive net asset position, if ever”. They considered the obligation a contingent liability, which needed to be disclosed in the financial statement footnotes to inform the reader of a potential obligation in the future, if a positive net asset position is ever attained.

Recommendation

We recommend that both parties consider restructuring the contract so that “Balanced Budget Credits”, which are only issued to prevent a negative net position, are eliminated. As an alternative, the fees could be based on the budgeted revenues to align revenues with expenditures. K12’s process of charging fees and then crediting those fees when the Charter School revenues do not support the fees and expenditures being charged, does not reflect the actual financial condition of the Charter School. Fees should be commensurate with the budgeted revenues, which are primarily based upon the Charter School’s student enrollment, rather than booking the expense and a liability, and then at year end reversing it to maintain a net positive asset position. Each year a budget should be prepared in which expected revenues are matched with planned expenditures and are monitored throughout the fiscal year.

Finding No. 5

Promote and Consistently Implement Effective and Responsible Communication Between the SFVCS Board, the District and the Educational Service Provider (K12)

Our review of the SFVCS Board's activities for the period from July 2014 through December 2015 disclosed the following:

- Both the Florida Virtual Academy at Broward County and the Florida Virtual Academy at Palm Beach County Charter Schools, monitored by the SFVCS Board, shared expenditures made from the Board's Reserve account for consulting contracts and other activities. However, the Board meeting minutes for the Broward Charter School did not disclose information relating to expenditures procured by the President/Chair of the Board, while the Palm Beach minutes detailed those shared expenditures. Contracts procured and expenditures from the Board Reserve account affecting both the Palm Beach and Broward Charter Schools were only disclosed in the Palm Beach Board meeting minutes. For example, the April 22, 2015 Palm Beach Charter School's minutes identified the hiring of Mr. Dane G. Taylor and two other consultants, Mr. Les Gordon and Mr. Peter Lane, while these transactions were not mentioned in the Broward Charter School's minutes. This resulted in the Broward County School District's staff being unaware of transactions that occurred, when reviewing the Broward minutes that are posted on K12's website.
- The SFVCS Board's Broward Charter School meeting minutes are posted on K12's website; however, we noted several meeting minutes were not posted.
- At the November 14, 2014 SFVCS Board meeting, the Board voted unanimously to allow the President to expend Board designated funds for the purposes of overseeing the Charter School. The President was authorized to present and report any expenditures to the Board at the next meeting after they were incurred. The authority of the President to expend Board Reserve funds and report expenditures at the next Board meeting eliminated all internal controls and the Board's function of approving and voting on such expenditures.
- The June 26, 2015 SFVCS Board meeting included the participation of Mr. Jim Horne, Lobbyist for K12, and Mr. Alex Rizo. Mr. Morgaman stated that Mr. Rizo thought he was the newest member of the Board; however, he was not added to the Board as a member. K12 became involved in trying to nominate members of the Board; however, this is not a function of a vendor. Mr. Morgaman stated "K12 is a vendor that provides virtually all of our services and there are appearances of a conflict of interest for K12 to be involved in nominating members of the Board. K12 cannot select its own guardians."
- Multiple non-voting K12 staff attended the Board meetings; however, K12's staff is taking the position that they were not aware of various transactions of the Board. Specifically, the October 6, 2015 letter from Mr. Polsky (K12) stated that K12 first learned of Mr. Morgaman's transactions and Mr. Taylor's connection to USA while reviewing supporting documentation provided by the SFVCS Board during the annual fiscal year audit completed on September 30, 2015. In contrast, Mr. Morgaman disagreed and stated that K12 was clearly aware of his transactions and associations with Mr. Dane Taylor and USA. This represents a lack of communication between the SFVCS Board and K12. The OCA's

review supports Mr. Morgaman's position that K12 should have been aware of these Board transactions. Nevertheless, K12 is not a voting member of the SFVCS Board and its role is that of a vendor. The SFVCS Board needs to govern itself and operate in accordance with contract terms, Florida Statutes and regulations.

- The minutes reflected the SFVCS Board's attempt to take action to procure marketing activities and to obtain consultants to increase student performance and enrollment. The minutes do not reflect that K12 had any concerns with these Board actions, although those actions violated the Educational Products and Services Agreement between the SFVCS Board and K12 (see Finding #2, pages 20-22). The SFVCS Board did not provide K12 the opportunity to remedy the Board's concerns, in compliance with contract terms. The marketing services and school operations were part of K12's duties, per contract. The SFVCS Board's actions to try to improve the school's operations, due to the Board's dissatisfaction with K12's marketing program, coupled with constant turnover in the Florida K12 office, including the replacement of four Heads of School (HOS) in a little over a year's time, resulted in unnecessary spending of FTE funds. In addition, this increased the end of year Balanced Budget Credits that were provided by K12 by approximately \$93,000.
- We noted non-compliance with contract terms due to the SFVCS Board's dissatisfaction with K12's operations and marketing efforts. K12 did not send the October 6, 2015 letter to the SFVCS Board. It was sent to the Superintendents of the Palm Beach and Broward School Districts. The SFVCS Board received the letter from a Palm Beach Post reporter after an article appeared in the newspaper.

Background

The South Florida Virtual Charter School Board Inc. oversees two Charter Schools, the Florida Virtual Academy at Broward County and the Florida Virtual Academy at Palm Beach County. The SFVCS Board contracted with a vendor (K12), an Educational Service Provider (ESP) to handle the day-to-day management of the Charter School through a service agreement. K12 is a Florida Department of Education (FLDOE) approved provider of virtual instruction services. Since July 2014, the Board met eleven times. Some Board meetings were held by teleconference and some were joint meetings with Broward and Palm Beach Charter School Boards. As of November 30, 2015, the Broward Governing Board was comprised of the following individuals:

Mr. Philip E. Morgaman elected September 24, 2014
Ms. Susan Goldstein – Original member since June 2013
Mr. Rafael Quintero elected May 21, 2014
Ms. Geniza Madden elected November 13, 2014

Recommendation

We recommend the following to improve communication and compliance between the SFVCS Board, the District and the Educational Service Provider (K12) related to expenditures and deliverables:

- All business discussed and/or approved at all SFVCS Board meetings should be included in the SFVCS Board minutes, pertaining to the Florida Virtual Academy at Broward County.
- All meeting minutes should be posted to K12's website. In addition, the SFVCS Board should consider posting the minutes to its own website.
- Revise the SFVCS Board's policy to eliminate the ability of the President/Chair to make expenditures and report them at a subsequent Board meeting. All Board members should discuss and vote on the expenditures made from the Board's Reserve checking account. Charter Schools are also required to comply with Section 286.011, Florida Statutes, relating to public meetings and records. The School's business should be discussed and approved by the Governing Board at a publicly noticed meeting "in the sunshine."
- Ensure that SFVCS Board members do not consider nominees for Board appointment who are affiliated with K12. The Board should be independent of their Educational Service Provider (ESP) to avoid conflicts of interest.
- SFVCS Board minutes should be more comprehensive to include all speakers' comments, pro or con, on the business being discussed, to ensure that the minutes capture all comments relating to all actions taken at the meetings. In addition, the SFVCS Board should consider creating an agenda prior to each meeting outlining the topics to be discussed. We noted the next SFVCS Board meeting is scheduled for May 26, 2016; however, considering the current issues with the school's performance, we recommend that more frequent meetings be scheduled. Also, both parties should disclose any related party transactions before approving any business transactions.
- The SFVCS Board should comply with the Educational Products and Services Agreement, which provides remedies for the SFVCS Board, in instances where the Board is not satisfied with the services provided by K12. If the SFVCS Board or K12 cannot resolve all disputes, a termination for cause can be triggered. Article 11.1 identifies the parties' options for termination.

Finding No. 6

Corrective Action is Needed to Address Deficiencies with the Charter School's Educational Service Provider, K12, Resulting from Failure to Comply with Florida Statutes and Contractual Obligations that Constitute a Breach of the Virtual Charter School Agreement

Our review of the SFVCS Board's oversight of their Educational Services Provider, K12, disclosed the following:

On May 5, 2015, the School Board of Broward County's Charter Schools Management/Support (CSM/S) Office performed a Virtual Programmatic Review of the SFVCS Board's Florida Virtual Academy at Broward (see pages 100-118). The Virtual Programmatic Review included analyzing online instruction, academic programs, student records, student data and other academic information.

Under the section Literacy On-Site Programmatic Review, the CSM/S Office identified 20 deficiencies, such as:

- Charter School failed to provide evidence that students received the Florida Department of Education's (FLDOE) required instructional time for reading/reading intervention.
- Charter School failed to provide evidence of a clear and comprehensive grading system. After repeated requests, no explanation has been provided to explain the Tier System, how it works or what each level represents.
- Charter School failed to provide a list of secondary reading teachers to determine if all were reading endorsed/certified as required by FLDOE. Also, representatives of the Charter School were unable to clearly describe the reading plan, curriculum, schedule, assessment and monitoring in detail.

Under the Section Exceptional Student Education (ESE) On-Site Programmatic Review, the CSM/S Office identified 27 deficiencies, such as:

- Charter School failed to document ESE services as outlined on the IEP (Individual Education Plan) (Easy IEP Wizard) (Note: Follow-up performed on December 1, 2015 determined that the condition still existed; the Charter School failed to provide appropriate ESE services, as outlined on the IEP of 3 out of 3 service logs reviewed).
- Charter School failed to fax/scan required documents into the Easy IEP system, including but not limited to, evaluations, parent signatures, reports, etc. (Note: Follow-up performed on December 1, 2015 determined that the condition still existed and was identified in 3 out of 3 IEPs reviewed).

Under the Section English for Speakers of Other Languages (ESOL) On-Site Programmatic Review, the CSM/S Office identified 20 deficiencies, such as:

- Charter School failed to update ELL Plans (Note: Follow-up performed on November 30, 2015 determined that the condition still existed, the Charter School failed to generate ELL Plans for the 2015-16 school year. A total of 3 out of 3 active ELL students tested required an ELL Plan).

- Charter School failed to follow procedures for generating English Language Learner Student Education Plan (ELLSEP) folders. (Note: Follow-up performed on November 30, 2015 determined that the condition still existed; the Charter School failed to generate ELLSEP Plans for the 2015-16 school year. A total of 3 out of 3 active ELLSEP students tested required an ELLSEP Plan).

Under the Section Instructional Staff On-Site Programmatic Review, the CSM/S Office identified 3 deficiencies, such as:

- Charter School failed to provide evidence that parents had been notified in writing when a teacher was assigned teaching duties outside the field in which the teacher was certified.

Lastly, for Response to Intervention (RTI), the Charter School failed to provide evidence that there is a process for student placement, based on assessment data and the needs and deficiencies of students. The completion date for the deficiencies noted in the Virtual Programmatic Review varied from September 2015 through June 2016.

Per discussion with Phil Morgaman, Chair and President of the SFVCS Board, it was stated that the Board has been waiting for over a year for information on inquiries, enrollment conversions, withdrawals, etc. He added that there has been constant turnover in the K12 Florida office. In the last 15 months, there have been four Heads of School (HOS) and all support staff has changed at least once. Currently, K12 is in search of a permanent HOS.

Mr. Morgaman added that with the funds in the SFVCS Board's Reserve account, he attempted to use the services of two former employees, Les Gordon and Peter Lane, to work with the K12 staff and SFVCS Board to build student performance and enrollment. The plan was to hire Les Gordon to work directly with K12 on strategies, materials off-line, training modules for teachers, etc. Mr. Lane would be responsible for working with K12 to help increase enrollment and improve performance numbers. Mr. Lane would work with Mr. Gordon's data to help improve the Charter School. The two consultants did not perform any services. Mr. Morgaman stated they were never given an opportunity to meet with K12's staff after several attempts to do so. Although the consulting fees of \$33,000 for the two consultants were expensed per the audited financial statements, no work was performed. On December 16, 2015, the OCA confirmed that the consultant, Mr. Les Gordon had not performed any work and withdrew from the project (see pages 119-126). On November 13, 2015, the \$33,000 was returned by USA and deposited back into the SFVCS Board's Reserve account. K12's position was that the SFVCS Board did not comply with Article 4.3.1 of the Educational Products and Services Agreement (see Finding #2, pages 20-22).

We spoke with Ms. Susan Goldstein, former SFVCS Board Chair (current Treasurer). She stated that K12 was expected to operate as a turnkey operation, but that they had performed poorly.

During the 2013-14 school year, the Charter School received a grade of "D" by the FLDOE. For the 2014-15 school year, not enough students took the exams in order to receive a Charter School grade. In addition, the SFVCS Board received notice that due to the failure of students to pass the year-end exams, the Charter School was assessed a revenue adjustment related to the 2014-15 Final Florida Education Finance Program's (FEFP) final calculation. The Charter School's

unweighted FTE was adjusted, resulting in a decrease in revenue of \$200,604 that will be paid back over a ten month period, beginning January 2016.

Background

The SFVCS Board entered into an Educational Products and Services Agreement for the period July 1, 2013 to June 30, 2019 with K12.

K12 is an educational services provider and is responsible and accountable to the SFVCS Board for administrative and technology services, including operation and performance of the Charter School, in accordance with the Charter School's Virtual Charter School Agreement with the School Board of Broward County. The SFVCS Board's contractual obligation for student performance, Exceptional Student Education and the hiring of instructional personnel are outlined in Articles 3, 4 and 5 of the Agreement. The Florida Statutes and Florida Administrative Code governing Charter Schools are also included as part of the Agreement.

Recommendation

We recommend that the SFVCS Board take immediate action to address all of the deficiencies noted in the CSM/S Office's Virtual Programmatic Review, in order to provide the students with the educational services required by Florida Statutes and the Florida Administrative Code and the District's Charter School Agreement.

The SFVCS Board needs to determine whether they can improve the academic performance and comply with the contractual obligations with K12 and Broward County Schools or consider taking an alternative route to ensure students are being provided a quality education program. The current poor performance of the Florida Virtual Academy at Broward County needs to be addressed or alternative options should be considered, such as seeking a new Educational Service Provider (ESP) or voluntarily terminating the Charter School. This decision should be expedited in the best interest of the students.

SECTION III

EXHIBITS



October 6, 2015

Confidential

Honorable Robert Runcie
Superintendent
Broward County Public Schools
600 S.E. Third Avenue FL 10
Fort Lauderdale, FL 33301-3125

Honorable Dr. Robert Avossa
Superintendent
Palm Beach County Public Schools
3300 Forest Hill Blvd, C-316
West Palm Beach, FL 33406-5869

Re: Transactions of South Florida Virtual Charter School Board, Inc.


Dear Messrs. Runcie and Avossa:

It has recently come to our attention that during the 2014-2015 school year the South Florida Virtual Charter School Board ("SFVCS Board") engaged in certain related party transactions that appear to contravene Florida ethics laws (*Fla. Stats.* §1002.33(26)(a), §112.313, §112.3143), although we are not in a position to make a conclusive determination that the SFVCS Board or its members have engaged in wrongdoing or improper misconduct. We have neither the authority nor ability to conduct the type of investigation necessary to make such a determination. Moreover, while we have read only access to banking and accounting records for the combined SFVCS Board account reserves, we do not have access to all of the banking and accounting records of the SFVCS Board or its members, which would be necessary to determine the ultimate use of any transferred funds. As a provider in Florida's public education system, however, we believe we have a responsibility to convey this information so the Districts can take whatever steps they deem appropriate to maintain the fiscal integrity of the Districts' programs.

On September 24, 2014 Philip E. Morgaman became Chairman and President of the SFVCS Board. (**Attachment A**). Mr. Morgaman is also the Chairman and CEO of a not-for-profit corporation, United Schools Association, Inc. ("USA"), that has contracted with SFVCS. (**Attachment B**). According to USA's Annual Report filed February 9, 2015, Dane G. Taylor is the Chief Administrative Officer and Registered Agent for USA. (**Attachment C**). Currently there are four members on the SFVCS Board, including Chairman Morgaman, Susan Goldstein, Raphael Quintero and Geniza Madden. Ms. Madden currently serves as the secretary of the SFVCS Board and was elected on Mr. Morgaman's motion during the November 13, 2014 SFVCS Board meeting. (**Attachment D**). Ms. Madden is also the Registrar for USA and a long-time associate of Mr. Morgaman, which was not disclosed on the record or in the minutes when she was elected. In fact, there was a concern raised by one board member that normally board members would receive a resume of prospective new board members for whom they are voting. Mr. Morgaman insisted that there was urgency to move forward prior to getting the resume of Ms. Madden and made the motion to approve her as the new board member without a resume. In addition, Mr. Quintero served as a Director in Aequicap Insurance Company, a for-profit Florida

corporation founded and chaired by Mr. Morgaman. That company is now in receivership by the Florida Department of Financial Services. *In re: Receivership of Aequicap Insurance Company*, 2011 CA 0494, 2015 CA 000456 (2d Jud. Cir. Fla. 2011). Mr. Quintero also served as a director in other entities for which Mr. Morgaman served as Chairman, including AequiCap Services Group, Inc. and Aequicap Risk Managers, Inc.

Soon after Mr. Morgaman became the SFVCS Board Chairman, he instituted a change in check signing policy from one which required two signatures on checks over a minimal amount to one which authorized checks of any amount to be signed singly by the SFVCS Board President or Treasurer. **(Attachment A)**. K12's finance representative advised Mr. Morgaman and Ms. Madden that "K12 strongly discourages single signature check signing and suggests that this practice be voted on by the Board, with understanding that the Board, and not K12, would assume full risk of any mismanagement of funds or improprieties."

On December 4, 2014, Mr. Morgaman, as Chairman of the SFVCS Board, signed a check on the Board's Citibank account in the amount of \$25,000 made payable to Dane G. Taylor, for "Contract Monitoring and MGMT Svcs." **(Attachment E)**. A Memorandum of Understanding (MOU) dated "December 1, 2014 (Effective September 15, 2014)" was signed by Mr. Morgaman as Chairman and President of the SFVCS Board and by Dane G. Taylor. **(Attachment F)**. The MOU stated that Mr. Taylor was being paid to provide services on a "part-time, as needed" basis "commencing September 15th, 2014 for sixteen (16) months" and that he would be paid \$40,000 in total. The reserve account ledger through June 2015 reflects that Dane G. Taylor received monthly payments of \$1250 from January 15 through June 15, 2015. **(Attachment G)**. The MOU also made it clear that that \$15,000 of the \$25,000 paid on December 4, 2014 constituted an advance payment for services to be rendered in 2015. The Board's then existing fiscal control policy provided that with limited exceptions not applicable here, "[c]ompensation and any other payments for goods and services may not be paid in advance." **(Attachment H)**. We are not aware of any actual consulting or monitoring services that were rendered in exchange for these payments. 

On April 16, 2015, in his capacity as Chairman and President of the SFVCS Board, Mr. Morgaman wrote a check to his firm, USA, from the Board's Citibank account in the amount of \$60,000. **(Attachment I)**. The memo line described the check as a payment for "consulting Procurement Agreement deposit." The referenced "Consulting Procurement Agreement" was entered on April 15, 2015 between the SFVCS Board and USA, and signed by Mr. Morgaman as President of the SFVCS Board and by Dane G. Taylor as CAO of USA. **(Attachment J)**. The Agreement states that USA will "seek out" education experts, "connect" them with staff and "engage their services upon approval." It further states that USA will not charge "any markup or fee for its services hereunder." The \$60,000 was also an advance payment for services to be performed through June 30, 2015.

K12 first learned of Mr. Morgaman's transactions and Mr. Taylor's connection to USA while reviewing supporting documentation provided by the SFVCS Board during the annual fiscal year audit completed on September 30, 2015. As indicated above, we are reporting these transactions to enable the Districts to conduct whatever investigations they deem necessary to ensure compliance with the Districts' fiscal policies. We note that Broward Policy 4413

governing such reports by District employees and agents provides that "the district will maintain confidentiality of [such] reports...to the extent consistent with the conduct of an appropriate investigation and the District's obligations under the Freedom of Information Act and Florida Statutes, Chapter 119." To the extent possible we ask that your offices and the Districts accord that same level of confidentiality to this matter.

If you have any questions, or if we can provide any further information, please do not hesitate to contact me.

Sincerely,



Howard D. Polsky

Attachments

Attachment A

Minutes
South Florida Virtual Charter School Board, Inc.
operating
Florida Virtual Academy @ Broward
Florida Virtual Academy @ Palm Beach
Board of Directors Meeting
September 24, 2014
5:30 PM

Board Members Present

Susan Goldstein, Chairman,
PL
Joseph Sosa, Secretary
Rafael Quintero
Phil Morgaman

Staff Present

Niyoka McCoy
Nceti Gregg
John Kramer

Media Present

None

Board Members Not Present

Bill Francis

Call to Order

Susan Goldstein called the meeting to order at 5:35 PM.

Roll call was taken and noted above.

Review of June 25, 2014 Board Meeting Minutes

Susan Goldstein reviewed with the board that meetings from the June 25, 2014 were sent to all board members. Each member acknowledged having received and reviewed the minutes. There

Upon Motion duly made by Rafael Quintero and Seconded by Susan Goldstein, it was unanimously RESOLVED that the Board Meeting Minutes from June 25, 2014 meeting are approved as presented.

Board Roster and Assignments:

Susan Goldstein officially introduced Phil Morgaman as our newest board member.

Upon Motion duly made by Joseph Sosa and Seconded by Rafael Quintero, it was unanimously RESOLVED to acknowledge the election of Philip Morgaman and welcome him as a member of the board.

Susan Goldstein then also announced her resignation as Chairman. She will remain on the board.

A discussion was held on board positions.

Upon Motion duly made by Joseph Sosa and Seconded by Rafael Quintero it was unanimously RESOLVED that the following officers are elected to serve until their successors are elected and qualified:

Chairman – Philip Morgaman
 President – Philip Morgaman
 Vice President – Rafael Quintero
 Treasurer – Susan Goldstein
 Secretary – Joseph Sosa

Upon Motion duly made by Phil Morgaman and Seconded by Susan Goldstein, it was unanimously RESOLVED to authorize the Chairman, in his discretion to approve the Board policies as presented or amended.

School Report: Niyoka McCoy – Head of School

- Niyoka McCoy stated that FLVA @ Broward currently has 247 enrolled students, up from 107 students last year.
- She shared that due to the “D” School Grade last year there would be significant changes in staff and procedures. She shared the highlights of the School Improvement Plan with the board.
- Additional Positions this year include: Writing Coaches, Math Coaches, Engagement Coaches, a Guidance Counselor, and Special Programs Manager.
- New Programs – Flipped Classrooms, Writing Wednesdays, Math Tutoring Sessions, Weekly Assessments and Monitoring of Assessments
- Teacher Trainings – Data Driven Instruction and Teacher Like a Champion

Out of Field Teachers Report: Niyoka McCoy, Head of School

Niyoka McCoy explained that we currently have two teachers teaching out of field.

- Bridget Rude White – She is our Elementary Lead Teacher who is Certified K-6. She is teaching Art this year. We currently do not have the numbers to hire an Art teacher. She will only teach out of field this year. Plans are to have an Art teacher next year.
- Jennifer St. Fleur - She is our MS and HS Science Teacher. She is teaching Biology, Life Science and Chemistry. She is out of field for Chemistry at this time. However, she is working to take her Chemistry exam and be certified by the end of the year.

Upon Motion duly made by Joseph Sosa and Seconded by Susan Goldstein it was unanimously RESOLVED to approve Bridget Rude White and Jennifer St. Fleur as Out of Field Teachers for the 2014 – 2015 school year.

Parent/Student Handbook: Niyoka McCoy, Head of School

Niyoka McCoy reviewed that the Parent Student Handbook was sent to all board members. Each member acknowledged having received and reviewed the handbook. The board acknowledged that some grammatical errors needed to be corrected but accepted it as approved Niyoka McCoy to correct the errors.

Upon Motion duly made by Rafael Quintero and Seconded by Susan Goldstein, it was unanimously RESOLVED to officially approve the Parent Student Handbook with allowing Niyoka McCoy to correct the grammatical errors.

Financial Report:**2014 – 2015 Budget:**

Phil Morgaman asked John Kramer, K12 Finance Manager to provide an overview of the budget for the 2014-15 school year. Mr. Kramer inquired of all members if they received and had in front of them the proposed budget for the 2014-15 school year. Each member verbally indicated they had received a copy and has reviewed a copy. Mr. Kramer provided an overview of each area of the budget and responded to questions from the board. Mr. Morgaman asked the members if they had any concerns or questions regarding the budget. A discussion occurred about having a 10% reserve for board directed expenditures. Susan Goldstein observed that this proactive stance by the Board to actively discharge its duties in a serious way would potentially help with credibility and impact with the school boards and the legislature.

Upon motion duly made by Raphael Quintero and Seconded by Philip Morgaman, it was unanimously RESOLVED that

- a) the budget for the Florida Virtual Academy @ Palm Beach is amended to provide a 10% reserve for Board directed expenditures and approved as amended, and
- b) the budget for the Florida Virtual Academy @ Broward is amended to provide a 10% reserve for Board directed expenditures and approved as amended

Financial Audit Review:

John Kramer shared the Financial Audit Report with the board members. John reported that the auditors had no findings with the audit. The board discussed the satisfaction with knowing that they were no findings but wanted more time to read through the report. They set up an additional meeting for Tuesday, September 30th to go step-by-step through the report.

Upon motion duly made by Susan Goldstein and Seconded by Philip Morgaman it was unanimously RESOLVED that there will be an additional board meeting on 09/30/2014 at 5:30 to review the financial auditors report in more detail.

Board Check Signers:

There was discussion regarding check signing authorizations and it was settled that the Head of School could pay electronically or by check up to \$600. Any expenditure above \$600 would require a check signed by the President or the Treasurer.

Upon Motion duly made by Susan Goldstein and Seconded by Joseph Sosa it was unanimously RESOLVED that

- a) the Head of School is authorized to sign checks individually or make electronic payments up to a MAXIMUM of \$600 per vendor billing cycle, and**
- b) The President or the Treasurer are authorized to sign checks individually**

Request for Public input was made. There was no public input.

Upon Motion duly made by Philip Morgan and Seconded by Joseph Sosa it was unanimously RESOLVED to adjourn the meeting at 7:10 pm.

Attachment B



United Schools Association

Philip E. Morgaman, Chairman and Chief Executive Officer

Mr. Morgaman directs the operations of the organization. He is responsible for school relationships, staff and the general operation of the organization within the United States. He is a native of Florida who has been married for over 30 years and is the father of three adult children. An Attorney at Law specializing in corporate finance and transactional law by profession, he has been a successful serial entrepreneur since 1984.

Directly relevant to this project, In 1995 Mr. Morgaman and his investment trusts acquired the North Broward School and Lighthouse Point Academy in South Florida and became the school's President. During period from 1995-2005, Mr. Morgaman and his executive team developed this from a small, average-quality school of approximately 200 students in grades K-8, 35 staff, and gross revenues of less than \$2mm into a high-quality K-12 college preparatory school, sending its graduates to the finest US universities with over 2000 students, 380 staff and gross revenues in excess of \$36mm operating on three campuses. In 2005, with substantial private equity investment, Mr. Morgaman founded a company for the purpose of developing an international group of high-end college preparatory schools. Serving as the company's founder and original Chairman, Chief Executive Officer and largest non-institutional shareholder from 2005-2009, Mr. Morgaman built and oversaw the executive team that developed the company from a concept to a group that included 19 campuses, 10 schools (including 5

boarding schools) in Switzerland, the United States and Mexico with over 13,000 students, 3500 staff and gross revenues of \$200mm. Mr. Morgaman sold his interests in the Company in 2009 to assist his financial services holdings after challenges caused by the economic meltdown of 2008.

Claus Fessler, Director of International Admissions

Mr. Fessler is responsible for the organization's international recruitment effort. He develops and maintains USA's network of agents and placement companies as well as being responsible for the organization's marketing program generally. Mr. Fessler is a German citizen who has engaged in business and non-profit operations in Europe, the United States, South America and Russia. He founded and operated and sold a trade publishing company in Germany and has since concentrated on his investments and charitable endeavors. Mr. Fessler has been married for 25 years and is the father of three children.

Justin D. Morgaman, Chief Operating Officer

Mr. Morgaman is responsible for the day to day supervision of the administrative aspects of the organization's operations. He concurrently serves as Executive Vice President of Gulf Coast Transportation, Inc., a large for hire private passenger for hire ground transportation provider in the Tampa Bay area. Married and with one child, Mr. Morgaman received his Bachelors of Business Administration from Southern Methodist University in Dallas, Texas.

Irina Gokun, Finance Director

Ms. Gokun is responsible for generation of financial statements, maintenance of accounts receivables and payables and billing. She holds an M.B.A. in Accounting and finance and her prior experience includes 17 years as an operational accountant and later Assistant Controller of manufacturing and pharmaceutical companies.

Dane G. Taylor, Chief Administrative Officer

Mr. Taylor oversees new school identification, negotiation and implementation and in that capacity is responsible for being the coordinator for new school

development. Additionally, he is responsible for public relations for the company and assists in USA's web based and social marketing. He holds a Bachelor's degree in Communications with a specialization in multi-media journalism and a Bachelor's degree in Sociology from Florida Atlantic University.

Stella Su, Associate Director of International Admissions

Ms. Su assists Mr. Fessler in coordinating international admissions and recruitment of students for USA's partner schools. She also coordinates international social media for USA. A Chinese national who grew up in Singapore, Ms. Su graduated from Rutgers University with a Bachelor's degrees in Psychology and Political Science and subsequently served in the Rutgers admissions office before joining USA.

Anthony Della Costa, Regional Coordinator

Our Regional Coordinator is responsible for overseeing Residential Directors and their staffs and USA operated student boarding facilities. This individual brings to their positions a variety of backgrounds, including a psychologist, a school principal and a business owner with in depth experience in residential student care.



United Schools Association

<http://www.unitedschoolsassociation.org/usamanagementteam.html>

Attachment C

2015 FOREIGN NOT FOR PROFIT CORPORATION ANNUAL REPORT

DOCUMENT# F10000001213

Entity Name: UNITED SCHOOLS ASSOCIATION, INC.

Current Principal Place of Business:

800 FAIRWAY DRIVE
#130
DEERFIELD BEACH, FL 33441

Current Mailing Address:

800 FAIRWAY DRIVE
#130
DEERFIELD BEACH, FL 33441 US

FEI Number: 27-0745968

Certificate of Status Desired: No

Name and Address of Current Registered Agent:

TAYLOR, DANE
800 FAIRWAY DRIVE
#130
DEERFIELD BEACH, FL 33441 US

The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.

SIGNATURE: DANE TAYLOR

02/09/2015

Electronic Signature of Registered Agent

Date

Officer/Director Detail :

Title ED
Name MORGAMAN, JUSTIN
Address 800 FAIRWAY DRIVE
#130
City-State-Zip: DEERFIELD BEACH FL 33441

Title D
Name GABREMARIAM, FASSIL
Address 800 FAIRWAY DRIVE
#130
City-State-Zip: DEERFIELD BEACH FL 33441

Title CHIEF ADMINISTRATIVE OFFICER
Name TAYLOR, DANE G
Address 800 FAIRWAY DRIVE
#130
City-State-Zip: DEERFIELD BEACH FL 33441

I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am an officer or director of the corporation or the receiver or trustee empowered to execute this report as required by Chapter 617, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.

SIGNATURE: DANE G. TAYLOR

RA

02/09/2015

Electronic Signature of Signing Officer/Director Detail

Date

Attachment D

MINUTES OF THE
BOARD OF DIRECTORS
OF
SOUTH FLORIDA VIRTUAL CHARTER SCHOOL BOARD, INC.
operating
FLORIDA VIRTUAL ACADEMY @ BROWARD
FLORIDA VIRTUAL ACADEMY @ PALM BEACH

The Board of Directors of South Florida Virtual Charter School Board, Inc. met the 13th day of November, 2014 at 5:00pm via teleconference.

The following members were present:

Philip E. Morgaman Susan Goldstein Rafael Quintero

The following members were absent:

Joseph Sosa William Francis

The following guests were present:

Geniza Madden Niyoka McCoy Neeti Gregg

The Meeting of the Governing Board of the South Florida Virtual Charter School Board, Inc. meeting was called to order by Philip E. Morgaman.

A discussion was held regarding the Board having previously authorized changes to the signators on the bank accounts. After working with Chase for over a month to effect the changes with no results, we moved the accounts to Citibank which opened them within a day. Upon Motion duly made by Rafael Quintero, seconded by Susan Goldstein, and unanimously adopted, it was RESOLVED THAT

The Board is authorized to move the accounts from Chase to Citibank.

A discussion was held regarding the Florida Charter School Conference being held in Orlando next week. In order to not potentially forfeit grant funds, a Board member must attend. All Board members were polled and were unavailable. Philip Morgaman suggested to elect Geniza Madden as a Board member effective immediately, and she can attend the conference and will bring home notes, materials, etc. This will leave us in compliance and not jeopardize any funding. Ms. Madden has offered to tender her resignation next month if requested. Susan Goldstein commented that in the past, a potential Board member's resume is circulated to the current Board members for review. Mr. Morgaman agreed and said this would be done in the next day. Ms. Goldstein also commented that Ms. Madden would need to comply with all requirements. Given the

extraordinary circumstances, Mr. Morgaman suggested we vote now, but that Ms. Madden would be in compliance with all requirements. Upon motion duly made by Philip Morgaman, seconded by Rafael Quintero, and unanimously adopted, it was RESOLVED THAT:

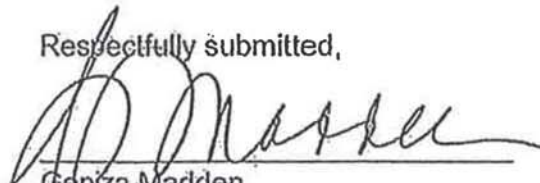
Geniza Madden be elected to the Board, effective immediately.

A discussion was held regarding the President being authorized to expend Board designated funds for the purposes of monitoring the performance of authorized contractors, compliance with Board adopted policies, research, data compilation and logistical support of the officers and Board in performance of their duties pursuant to the articles and bylaws of the corporation and/or the respective school charters. The President will report any such expenditures to the Board at its next meeting after they are incurred. Upon motion duly made by Rafael Quintero, seconded by Susan Goldstein and unanimously adopted, it was RESOLVED THAT

The President is authorized to expend Board designated funds for the purposes of monitoring the performance of authorized contractors, compliance with Board adopted policies, research, data compilation and logistical support of the officers and Board in performance of their duties pursuant to the articles and bylaws of the corporation and/or the respective school charters. The President will report any such expenditures to the board at its next meeting after they are incurred.

There being no further business before the Board of Directors, Upon Motion duly made by Ms. Goldstein and Seconded by Mr. Quintero, and unanimously adopted, the meeting was adjourned at 5:19pm.

Respectfully submitted,



Geniza Madden
Secretary of the Meeting

Attachment E

SOUTH FLORIDA VIRTUAL CHARTER
SCHOOL BOARD INC.

300 FAIRWAY DRIVE STE 130
DEERFIELD BEACH, FL 33441

1003

63-8555-2660

12/4/14

25, 000.00

DANE G. TAYLOR
Treasury for Throckmold 12/1/14

citibank

CITIBANK, N.A. BR 72
300 WEST WILSON BOULEVARD
DEERFIELD BEACH, FL 33441

Central Bank & Trust Co. of Florida



⑈001003⑈ ⑈266086554⑈

9138633045⑈

Attachment F

MEMORANDUM OF UNDERSTANDING (MOU)

FROM: Philip E. Morganan,
President and Chairman of the Board
South Florida Virtual Charter School Board, Inc. (the BOARD)

TO: Dane G. Taylor (TAYLOR)

RE: Contract Monitoring and Management Services

DATE: December 1, 2014 (Effective September 15, 2014)

This MOU is for the purpose of documenting the agreement between the BOARD and TAYLOR for the provision of certain services to the BOARD by TAYLOR over the twelve month period beginning December 1, 2014.

1) SERVICES

The BOARD has entered into certain Agreements with K-12 Education for the management, operations, curricular and administrative support and other functions relating to virtual charter school contracts it maintains with the School Board of Broward County, Florida and the School Board of Palm Beach County, Florida. These Agreements essentially provide that K-12 will provide all academic, administrative, management, IT, accounting and other functions for the BOARD. The Agreements further provide that it is the responsibility of the BOARD to set policy, to adopt and modify budgets and to oversee K-12 in its execution of its responsibilities.

The Trustees of the BOARD are volunteer members who donate their time to further the mission of the BOARD and the needs of our stakeholders. Given that the BOARD is required to provide oversight of K-12 and yet the only staff support that the BOARD currently has is provided by K-12, the BOARD requires limited external staff support to assist it in meeting its responsibilities.

The BOARD hereby engages TAYLOR to provide that external staff support commencing September 15th, 2014 for a period of sixteen (16) months. During this time TAYLOR's duties shall be rendered on a part-time, as-necessary basis and shall include but not be limited to the following:

- a) Review and summarize for the BOARD all correspondence and documentary items requiring action or monitoring
- b) Engage in weekly contact with the Head of School for the BOARD's charter schools and receive a weekly briefing on all pending matters which may affect the schools' charter



compliance, economic performance, academic performance or other material issues and summarize and transmit such briefings to the BOARD.

- c) Attend School Board or other meetings as required
- d) Conduct research as requested by the BOARD or its officers relating to the performance and improvement of services under existing charters, obtaining new charters, new academic improvements, new services for stakeholders, compliance issues, etc.
- e) Provide support and coordination for other consultants and contractors retained by the BOARD
- f) Such other duties as may be assigned by the BOARD

2) COMPENSATION


The BOARD shall compensate TAYLOR at the rate of \$2,500 per month. This compensation shall be paid in accordance with the following schedule. At the inception of this MOU, TAYLOR shall be paid a Retainer of \$25,000 and commencing on January 15th, 2015 the balance of the amount shall be paid at the rate of \$1,250 per month through December 15th, 2015. Total compensation under this payment schedule is not to exceed the rate of \$2,500 per month computed over the full length of the MOU (through scheduled expiration).

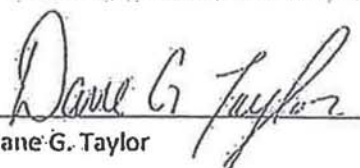
3) OTHER PROVISIONS

The BOARD and TAYLOR acknowledge that TAYLOR's provision of services under this MOU is on an as-needed basis and that TAYLOR has other clients/employments but that TAYLOR will not directly or indirectly compete with the BOARD in the provision of virtual charter schools services during the term of this MOU or for a period of two years thereafter.

ACKNOWLEDGED AND AGREED:

South Florida Virtual Charter School Board, Inc.

BY: 
Philip E. Morgaman
President and Chairman of the Board


Dane G. Taylor

Attachment G

Board Reserve Account

Date	Transaction	Check #	Description	Amount	Run Bal
10/31/14	deposit			\$11,478.02	\$11,478.02
11/17/14	deposit		tranx fr PB	\$72,181.50	\$83,659.52
11/17/15	deposit		tranx fr Broward	\$86,774.90	\$170,434.42
12/02/14	void	1001		\$0.00	\$170,434.42
12/02/15	Tripp Scott PA	1002	legal fees	(\$1,045.00)	\$169,389.42
12/04/14	Dane G. Taylor	1003	Contract Management Retainer 12 months	(\$25,000.00)	\$144,389.42
01/16/15	Dane G. Taylor	1004	January 2015 stipend; contract administrator	(\$1,250.00)	\$143,139.42
02/03/15	deposit		from k12	\$2,000.00	\$145,139.42
02/15/15	Dane G. Taylor	1005	February 2015 stipend; contract administrator	(\$1,250.00)	\$143,889.42
03/12/15	Dane G. Taylor	1006	March 2015 stipend; contract administrator	(\$1,250.00)	\$142,639.42
04/06/15	Dane G. Taylor	1007	April 2015 stipend; contract administrator	(\$1,250.00)	\$141,389.42
04/06/15	Print fly	1008	tee shirts for outings	(\$1,956.90)	\$139,432.52
04/06/15	Sloans-Rosemary Avenue Inc	1009	Palm Beach outing	(\$158.68)	\$139,273.84
04/06/15	Fort Lauderdale Historical Society	1010	Broward County outing	(\$210.00)	\$139,063.84
04/06/15	Sloans-Rosemary Avenue Inc	1011	Broward County outing	(\$158.68)	\$138,905.16
04/06/15	Black Sparrow Pirates	1012	Palm Beach outing	(\$770.00)	\$138,135.16
04/16/15	United Schools Association	1013	consulting procurement and deposit	(\$60,000.00)	\$78,135.16
04/28/15	Fort Lauderdale Historical Society	1014	Broward County outing	(\$119.00)	\$78,016.16
05/06/15	Dane G. Taylor	1015	May 2015 stipend; contract administrator	(\$1,250.00)	\$76,766.16
06/09/15	Dane G. Taylor	1016	June 2015 stipend; contract administrator	(\$1,250.00)	\$75,516.16
note	\$7500 of unused funds were returned July, 2015				\$75,516.16

see note below

Attachment H



Florida Virtual Academy (FLVA)

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Broward County

Palm Beach County

K12 Managed Schools

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I. Introduction

Policy Overview

The purpose of this document is to provide an overview of internal control policies followed by K12 when providing services to K12 Managed Schools. The policies cover accounting, financial reporting, information technology and human resource services.

K12's School Finance and Managed School Accounting (MSA) or jointly, the K12 School Financial Services (SFS) group, K12 Human Resources, K12 Payroll and K12 Regional Information Technology (IT) support and enforce these policies.

Internal controls are the methods and procedures used to provide reasonable assurance to items including:

- Safeguard assets
- Ensure validity of financial reports and records
- Promote adherence to policies, procedures, regulations and laws
- Promote effectiveness and efficiency of operations
- Ensure financial systems are secure and backed up as needed

Audience

This policy is intended for the School Board, School Management and K12 employees.

Policy Exceptions

Regulatory requirements and service agreements may modify the policy for an individual School; however, these changes must be documented in an addendum and approved by the School Board.

Annual Review of Fiscal Policies and Procedures

The HOS, the Operations Manager / Department Head and SFS will monitor changes in authoritative guidance and regulations and recommend changes to the School's fiscal policies and procedures as necessary. Any changes will be approved by the Board.

II. Financial Management & Accounting

Accounting, Budgetary Control & Financial Closing

- The School uses the accrual basis of accounting.
- Fund accounting is used to account for the financial activities of the School.
- The preparation of monthly and fiscal year-end financial statements is in accordance with Generally Accepted Accounting Principles (GAAP) and any other State/District-specific reporting requirements.

- Draft Budgets are prepared annually by School Finance and the HOS based on estimates of revenues and expenses. The annual budget is reviewed and approved by the Board in accordance with the state law.
- If applicable, an independent auditor is selected by the Board to perform the annual financial audit for the School. The selected auditor(s) will be required work with K12 School Finance and/ the MSA teams.

Month End Close Accounting Process

- Inputs
 - School Payables
 - Forecast Accruals
 - K12 Bills
 - Billing Accruals
 - School Enrollments
 - Instructional Staff List by Function
- Month end Journal entries and accruals
 - Payroll-related
 - Forecast-related
 - General Fund Revenue accruals
 - Revenue based Expenses – fees
 - Management Fees – K12
 - Technology Fees – K12
 - Oversight Fees – Sponsor
 - Expenses
 - Teacher Bonus
 - ISP
 - Rent/Insurance/Others
 - Amortization & Depreciation
 - Fixed Assets
 - Deferred Rent
 - Prepaid Expenses (Insurance, Legal, K12)
 - Restricted Funding Revenue Recognition
- Balance Sheet Reconciliations
 - Bank Account Reconciliations
 - Manual Checks

4

School Fiscal Policies & Procedures (Draft: January 9, 2015)

- Credit Cards
 - K12 Prepaid Expenses
 - Prepaid Expenses
 - Other Receivables
 - Fixed Assets
 - Accounts Receivable
 - Deferred Revenue
 - Restricted Funds Analysis
 - Deferred Rent
 - Other Accrued Liabilities
 - Accounts Payable
- Unpaid K12 Invoices

Monthly Financial Package

- Comprised of:
 - Actuals in appropriate Budget Formats
 - Bank Reconciliation
 - Transaction Detail by Account
 - Journal Entry Posting
- The monthly financial close is performed by MSA.
- School Finance compiles the budget to actual report which is reviewed and approved by the HOS. If required, financials are provided to the Board at applicable board meetings.
- Monthly Financial Package approvals are performed by the HOS and the approval is sent to MSA within 30 days of Financial Package release.

Other Financial Reporting

- Applicable State/District reporting requirements

Treasury

Authorization, Approval and Delegation of Authority

- School Board must authorize the opening of a bank account.
- Head of School (HOS), the President and/or the Treasurer, where applicable are the signatory / agents for all Florida Virtual Academy bank accounts. The HOS may sign singly for payments up to \$600 each and the signature of the President or the Treasurer is required for amounts in excess of that amount. The President or the Treasurer may sign any check singly. The HOS is approved by the Board to approve and make expenditures on behalf of the School for operational purchases as outlined in K12/School Educational Services Agreement. (Also

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reference Expenditure – General Funds, Authorization and Approval) subject to the limitations above.

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- Transfers from School bank accounts to other Board accounts, including reserve amounts, require Board approval. All support documentation for spending of reserve funds must be forwarded to MSA for fund reconciliation purposes and compliance with federal, state and local requirements
- Cash balances shall not be reduced below zero.
- Public fund balances over \$250K must be insured (collateralized).
 - *Currently researching bank options*
- Checks outstanding and unpaid for a period of one (1) year shall be declared void, included as receipts and removed from the outstanding check listing unless state escheatment treatment is required.
 - *Currently researching Florida escheatment policies*
- Any adjustments to cash for School bank accounts, such as the write-off of old outstanding checks, must be approved by the HOS. Adjustments to other Board bank accounts must be approved by the Board and incorporated in meeting minutes.
- Upon termination or change in job responsibility of a check signer, the bank-authorized signatures must be updated immediately.
- The HOS will review the bank authorized signatories semi-annually and confirm review with School Finance.
- Debit cards issued on School and Board bank accounts are not authorized.
- Credit and Purchase Cards (aka "P-Cards") are not authorized.

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Custodial and Security Arrangements:

- MSA maintains custody of the School operating account check stock. The President, Treasurer or another authorized Board Member maintains custody of the starter and Board Reserve Accounts check stock. Access to check stock is separated from those with the ability and authorization to sign checks.
- Check stock is stored in a secure/locked area.
- A record of the check sequence supplied to MSA and the Board member holding the starter or Board Reserve Accounts check stock is kept by the Board Treasurer or other authorized Board Member.
- Checks voided for any reason are maintained by MSA. The signature section must be marked out or removed and the reason the check was voided must be noted on the check.
- Emergency check stock may be allocated to the School. On a monthly basis, the School must submit a log to MSA detailing check sequence, date, vendor, and amount of checks written during the month.
- Petty cash funds are discouraged; however, where necessary, cash fund should not exceed \$500. A log of cash expenditures must be kept by the Operations Manager or designee and reconciled prior to any replenishment.

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and incorporation in meeting minutes to include:

The timing of the reserve or other checks.

Amount of the check and support for calculation (it is recommended that this support for the calculation be provided by K12 School Finance.

A Board-prepared check request for reserve or other requested School funds with supporting documentation that is sent to MSA for entry and check processing.

- Checks must never be written for cash.

Accounts Receivable

- Deposits of state student funding and federal grants should be routed to automatically deposit into the School bank account when applicable. A copy of all backup documentation for direct deposits must be sent to MSA by the Operations Manager / Department Head.
- Use of a bank lockbox for payment is highly encouraged. Cash should not be sent directly to the School. In the limited cases where checks are received by the School the following process must be followed:
 - Operations Manager opens mail and maintains a ledger of all checks received. The ledger is forwarded monthly to MSA.
 - Checks are deposited into the School bank account by the Operations Manager / Department Head or HOS within one day of receipt. The Operations Manager / Department Head provide a copy of all deposit backup documentation to MSA.

Monthly Bank Reconciliations

- Bank reconciliation are performed and reviewed monthly for all School and Board bank accounts by MSA.
 - Bank statements must be made available to MSA through online access (view only) and/or by hard copy from the School.
 - Bank account reconciliations are performed by MSA and include a beginning cash balance, listing of cleared checks/payments, deposits/credits, un-cleared checks/payments, deposits/credits and the ending cash balance. All variances are researched and explained.
 - All deposit and payment activity must be provided to MSA for accounting purposes. Reconciliation must include a tie out of funds deposited and expenditures paid to remaining balance.
 - The bank account reconciliations, with a copy of the bank statement, are included in the Monthly Financial Package prepared by MSA and reviewed/approved by the HOS.

Tax

- School Finance reviews School contracts to determine tax oversight/filing requirements by K12 for the organization. Consult with K12 Legal if uncertain of terms and/or requirements.
- School Finance confirms and documents annually that School's Federal and/or state not for profit status is valid.
 - Federal check: <http://www.irs.gov/Charities-&-Non-Profits/>, EO Select Check.
 - A copy of the original IRS approval of the non-for-profit status is maintained in the organization's permanent tax files.
 - Some states have their own non-profit status and/or education exemptions. School Finance ensures that the School has applied for and received the appropriate

exemptions and maintains a copy of the status/exemptions in the School's permanent tax file. Consult with K12 Tax (tax@k12.com) as needed for guidance.

- A calendar of tax form due dates is developed and the School Finance ensures tax forms are timely and accurately filed for the non-profit organization:
 - Federal:
 - Form 990 – To be filed annually by the 15th day of the 5th month following the close of the tax year. (A return for the June 30 year end would be due by November 15). Note that a 90 day extension can be filed on Form 8868 for an additional 90 days (final extended date for a June 30 year end would be February 15).
 - The School engages a CPA firm to prepare Form 990 if required; Review and ensure accuracy of figures presented on the form agree with audited financial statements for the School.
 - School Finance leverages www.stayexempt.irs.gov for information and training on IRS requirements of a non-profit.
 - State:
 - Business license: Typically annual or bi-annual business licenses are required and can be at the state and/or local level. Confirm required filings and frequency.
 - Sales/use tax: Taxation of educational materials and services vary widely depending on state rules, type of organization and the item. Consult K12 Tax to determine sales/use tax filing requirements for your School.
 - Local:
 - Property tax is due at the local level and non-profits typically are not exempt from property tax. School Finance confirms the required property tax filings requirements in the local jurisdiction. K12 engages an outside firm to prepare property tax returns. Please consult K12 Tax if you wish to use this service for your School.

Expenditures - General Funds

Authorization, Approval and Delegation of Authority

- The HOS is approved by the Board to approve and make expenditures on behalf of the School for operational purchases as outlined in K12/School Services Agreement subject to any limitations set forth in these policies.
- Checks must never be written for cash.
- School purchase requests under \$5,000 must be approved by the HOS. Purchase requests/requisitions greater than \$5,000 require approval by both the HOS and member of the Board.

- The School must get three formal, documented quotes for purchases of goods, properties or materials over \$10,000. Three competitive bids must be obtained for such purchases over \$25,000.
- The K12 Regional Information Technology (IT) team must be consulted on technology purchase and implementation decisions. The IT team will assist in the securing of competitive pricing for computers, monitors, printers, software and School technology Infrastructure components.
 - Equipment must be supportable by the K12 technology Infrastructure and meet necessary requirements to ensure the security and privacy of sensitive School data.
- All technology purchases must be approved by the Regional Technology Manager and either the HOS or Operations Manager / Department Head. Including but not limited to:
 - Database and system development
 - Hosting of systems
 - Hardware and software purchases
 - Vendor support
- All service contracts must be supported by a current written contract.
- Loans to employees and Board members are prohibited under all circumstances.
- Compensation and any other payments for goods and services may not be paid in advance, except as authorized pursuant to Board resolution with the exception of: insurance, rent, facility/room rentals and software licenses and a contract for each service must be tied to the service.
- All vendor invoices must be paid in a timely manner within 30 days.
- All K12 invoices must be approved by the Board or Board designee prior to payment in accordance with the Educational Services Agreement (ESA).
- For payments to be processed the following must occur:
 - An itemized invoice must be approved according to the School Delegation of Authority and matched to a purchase request/requisition (if required).
 - Once approved, the invoice is scanned, with any supporting documents, to MSA for payment. Any invoices paid by K12 Corporate Accounting (versus MSA) will require original documents.
- For purchases of Gift Cards the following must be documented:
 - Preapproval by the HOS is required prior to purchase. Documentation must include the purpose of the gift cards, intended recipients and timing of distribution.
 - Gift Cards must be locked in a secure location with restricted access.
 - Monthly reconciliation of remaining gift cards and card distribution must be provided to MSA and included in the monthly financial pack review by the HOS.
 - All gift cards distributed to teachers must be reported to payroll and is considered imputed income.

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K12 Invoices for Payment

Management and technology fees:

- Management and technology fee invoices are reviewed by the HOS and Ops Manager / Department Head to confirm compliance with the Services Agreement.

Student computer, On-line School (OLS) invoices and materials:

- Invoices are reviewed against student records and approved by the Ops Manager / Department Head

Other K12 Billing:

- Direct Costs: Invoices include Study Island, Scantron, Special Education Related Contract Services, Insurance, Payroll and other direct costs that are paid on behalf of K12 and charged back to the School according to the Services Agreement.
- Indirect Costs/Shared School Expenses:
 - Rent, Payroll and other FLVA School shared expenses are allocated monthly based on the ratio of ending School enrollments as a percent of the total K12-managed FLVA School enrollments.

Oversight fees:

- Oversight Invoices (if applicable) are reviewed by the HOS and Ops Manager / Department Head to confirm the fee is compliant per the Services Agreement. Once approved by the HOS and the Board, the invoices are forwarded to MSA to process the related check, unless netted out with the state funding. If the Oversight Fees are netted against funding, reconciliation is completed as funding deposits are made to the School.

Internet Service Provider (ISP) payments (as per the Services Agreement):

- The Operations Manager / Department Head processes ISP payments twice a year
- The Operations Manager / Department Head downloads student and family information and completes a payment report based on approved enrollment dates and withdrawal dates, as well as the grade level students. Payments are pro-rated if students have not been enrolled during the entire service period. *State/District proration requirements are being researched.*
- The HOS reviews and approves the payment report prior to sending to MSA which are then outsourced to a third party service provider for check processing, signing and mailing checks to the families designated on the approved listing.

Expense Reimbursement

- The HOS reviews and approves all expense reports.
 - Ensure compliance with the School Board-reviewed School Travel, Procurement of Materials/ Services and Reimbursement Procedures, in accordance with federal or state requirements, if applicable.
 - Confirm completion of supporting documentation.

10.

School Fiscal Policies & Procedures (Draft: January 9, 2015)

- Send scanned and approved expense reports (summary page only) to MSA for check processing or processed via K12 I-Expense System.
- If applicable, checks along with expense report and supporting documentation are sent back to the School. The HOS reviews and signs the checks. The Operations Manager / Department Head photocopies the signed checks and files them with their respective expense report and associated invoice documentation.
- The HOS approves the Operations Manager / Department Head expense reports and the Regional Vice President approves the HOS expense reports.
- Refer to the School Travel, Procurement of Materials/ Services and Reimbursement Procedures for specific allowable expenses.

Expenditures - Restricted Funds

Authorization and Approval

Expenditures for Restricted Funds follow the same policies for General Funds with the following exceptions:

- The HOS must pre-approve all Restricted Fund employee and other expenses in accordance with allowable expense guidelines for each respective funds' requirements.
- Purchase requisitions must be completed for all restricted fund purchases and other one-time purchases. All purchase requests/requisitions must show the amount of the purchase, if known, or if not known an estimate must be made. Prior to approving grant expenditures, the HOS and Operations Manager / Department Head must be certain that the expenditures are in accordance with federal or state requirements. Approvals must be secured.
- Prior to purchase: Quotes and/or other backup information must be attached to the purchase request/requisition. Items requiring purchase requests/requisitions include but are not limited to the following: technology purchases such as computers, printers and software, fixed assets, furniture and equipment such as file cabinets, memberships and training or professional development costs.
- Compensation and any other payments for goods and services must not be paid in advance of receipt of goods or services.
- For payments to be processed, there must be a fully itemized invoice, invoice must be approved and coded to the proper restricted fund by the appropriate person and matched to a purchase request/requisition (if required). Once approved, scanned copies of the documents must be sent to MSA for payment. All technology purchases must be approved by the Regional Technology Manager and either the HOS or Operations Manager / Department Head.
- All special education related service provider payments must be approved by the designated Special Education Manager or HOS.
- All items (assets and inventory) purchased with restricted funds need to be tagged with an asset tag, tracked for physical location and inventoried annually. The tag must read "Purchased with XYZ funds for XXVA". Any item (asset or inventory) assigned to a student or teacher also needs to be tagged, tracked for physical location and inventoried annually.
- Gift cards may not be purchased with restricted funds.

Payment Processing

- MSA generates all checks and records the payments within the K12's accounting software and utilizes the applicable State/District Chart of Accounts for recording and financial reporting.
- A manually signed invoice or invoice batch with electronic approval (with amount) is required before checks are cut for payment. If an invoice is presented for payment without proper approval or general ledger coding, it must be returned to the School.
- All scanned copies of checks with document support are saved in the individual School folders located on the K12 server.
- In the event of overpayment to a vendor, a refund or credit must be obtained and recorded as such.

Fixed Assets - General

The School is required to establish a fixed asset accounting system that will contain sufficient data to permit:

- The preparation of fiscal year-end financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and any State/District-specific reporting requirements.
- Adequate insurance coverage.
- Control, accountability and security.

Criteria for Fixed Asset Capitalization

- The asset has a useful life of one (1) year or more
- The cost of the asset is greater than \$2,000.00

Valuation

Fixed assets are to be valued at purchase cost.

Donated fixed assets shall be valued at the donor's estimated fair market value at the time of gifting.

Depreciation

Assets will be depreciated using straight-line depreciation. Estimated life for fixed assets shall follow IRS guidelines.

Classification

Fixed assets shall be classified as follows:

- Furniture - 7 years
- Equipment - 7 years
- Software - Amortized 3-5 years

- Structures and Improvements – 15 years
- Land – Unlimited useful life
- Improvements other than buildings – 15 years

Information

The following information shall be maintained for all fixed assets:

- Description
- Asset classification
- Location
- Purchase price
- Vendor
- Date purchased or leased
- Accumulated depreciation
- Method and reason of disposal, if applicable

Fixed Asset Disposal

Any asset with a fair market value greater than or equal to \$5,000 must be approved by the board prior to retirement. Approval is required by the Ops Manager / Department Head and Head of School for assets purchased with a fair market value of less than \$5,000, prior to retirement. The Fixed Asset Inventory will then be updated to include reason for retirement and date of write-off.

However, MSA will comply with any State/District policies that may supersede the aforementioned disposal process.

- Clay- <http://www.oppsa.state.fl.us/MonitorDocs/Reports/pdf/clayassetrisk.pdf>
- Duval- tbd

Examples of reasons for retirement:

- Asset is damaged beyond repair.
- Asset is damaged and the cost to repair it exceeds the current fair market value.
- Asset is not able to support current technology needs.

Any Impairment to Fixed Assets needs to be communicated to the Regional Technology Manager and/or HOS immediately in order to assess the impairment.

- Fixed assets that are deemed obsolete or beyond repair should be communicated to the MSA Accountant prior to disposal.

Physical Asset Controls:

- An annual inventory must be performed.
- Physical inventory must be performed for all capitalized items, as well as, all computers that do not meet the capitalization threshold.

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- The inventory is performed to determine that all assets are present, in usable condition, located in the assigned area, and accurately recorded on the fixed asset or inventory records.
- Upon completion, the Operations Manager / Department Head must review and approve the results. Review includes a comparison of physical inventory to accounting records and fixed asset schedule.
- Any discrepancies must be communicated to the HOS.
- Computer and software asset list must be submitted to the Regional Technology Manager for maintenance of IT equipment inventory to ensure continued supportability, license compliance and information security.
- All fixed assets are tagged with a School fixed asset tag.

Tracking and Reconciliation

- A fixed assets schedule is to be maintained by the Operations Manager / Department Head according to the Fixed Asset Policy.
- The fixed asset schedule must be updated monthly to include new purchases, retirements or transfers of assets.
- The Operations Manager / Department Head must also reconcile the fixed asset schedule to the accounting records and submit to MSA for review and confirmation.

Physical Assets Purchased with Restricted Funds

- All items purchased with restricted funds need to be tracked and inventoried by the School. The information must be maintained in a secure environment (i.e. system or network) with restricted access.
- All items (assets and inventory) purchased with restricted funds need to be tagged with an asset tag, tracked for physical location and inventoried annually.
 - The tag must read "Purchased with XYZ funds for XXVA".
 - Any item (asset or inventory) assigned to a student or teacher also needs to be tagged, tracked for physical location and inventoried annually
 - An annual inventory must be performed. The physical inventory must be performed for all restricted fund purchase to catalog for restricted fund audit purposes

Physical assets purchased with restricted funds meeting the following criteria must also follow the fixed asset policy in the previous section in addition to the criteria laid out above.

- All items the asset has a useful life of one (1) year or more
- The cost of the asset is greater than \$2,000.00

Tracking and Reconciliation

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School Fiscal Policies & Procedures (Draft: January 9, 2015)

- A restricted fund fixed asset schedule must be maintained by the SPED /Ops Manager / Department Head.
- The restricted fund schedule must be updated monthly to include new purchases, retirements and/or transfers of assets.
- The SPED/Ops Manager / Department Head must also reconcile the restricted fund schedule to the accounting records as part of the month-end financial reporting process

III. Human Resources and Payroll

Processing New Hires

- Contract /K12 offer letter signed and returned.
- I-9 completed and verified within 72 hours of start date.
- Employee handbook distributed for review and acknowledgement form signed.
- Information provided about how to enroll in and/or access the following on or before their first day
 - Benefits (i.e. medical, dental, life, vision, disability)
 - Retirement plan
 - School SharePoint site / Added to School distribution lists
 - K12 / School email account with username and default password
 - SAMS account
 - TVS account
 - Blackboard Collaborate account
 - K12training.com account
 - OLS account
- Order equipment and have it shipped to home address of Employee
- Create Employee file
- Assignment and completion of Anti-harassment training (required every 1-2 years depending on the state)

Processing Employee Changes for K12 Employees

- For the following changes, Human Resources will create a change memo:
 - Transfer into different approved position or title correction
 - Salary increase or decrease for administrative staff (approvals are required).
 - Teacher salary changes based on FTE status (i.e. increase or decrease in hours, promotion to lead or master teacher). These changes require HOS, RVP and School Finance approval.

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- Teacher includes, but is not limited to teacher, lead, master, paraprofessional, advisor, counselor, counselor tech, guidance counselor, department head, special education
- and requires School Finance approval
- Employee receives memo, signs it and returns it to Human Resources to process changes.
- All new titles will require an approved job description.

Processing Employee Changes for non-K12 Employees

- For the following changes, create a change memo for Employee:
 - Transfer into different position or title within the same School
 - Salary increase or decrease
- Employee receives the change memo, signs it and returns it to Employee responsible for Employee File maintenance
- Complete appropriate changes in HR System (i.e. pay change, title change, supervisor change)
- Place memo in Employee File once changes are made in the HR System
- All new titles will require an approved job description

Processing Terminations for K12 Employees

Voluntary

- Manager receives resignation notice from employee, preferably in writing. (If verbal, manager must request employee send written notice and include effective date) and forwards to Human Resources immediately.
 - If employee has performance or conduct issues, Human Resources is engaged once coaching the employee has been exhausted. The progressive discipline process is then followed. If termination is an option, Human Resources will review the documentation prior to a decision. If the decision is made to terminate, Human Resources and the Manager will meet with employee to deliver the information. Then, the following steps are followed.
- Human Resources completes the termination process in HR system and completes the form to terminate access to K12's systems (i.e. Outlook).
- Auto-generated email sent to employee with exit interview survey (only for resignations).
- Information regarding employment ending with K12 is provided to terminating Employee (i.e. last paycheck, vacation, benefits)
- Human Resources determines if the employee received reimbursements under the Tuition Assistance Program during the current or previous calendar year and if a repayment is required.
- Equipment Return
 - ELT informs Human Resources of assets that employee has assigned to them (i.e. laptop, printer, monitor, phone, air-card) Labels sent for return of equipment

- Materials return is managed locally by School

- If employee is not meeting expectations during the resignation notice period, manager and K12 Human Resources can change the effective date of the resignation. K12 Human Resources notifies Payroll of any effective date changes. The termination reason is changed to "Involuntary resignation."

Involuntary

Termination can be immediate. K12 Human Resources works with the Manager on how to address performance or behavior issues with an employee.

Under the following situations, Legal needs to review the termination request and documentation:

- Any employee who has requested an accommodation under the ADA
- Any person at the level of Vice President (Assistant, Vice, Regional, Senior, Executive, etc.) or above
- Any person who has indicated they will retain a lawyer.
- Any person who has indicated that they are being discriminated against
- Any person who claims to have been harassed on unlawful grounds (e.g. Sarbanes Oxley whistle blowing, race, gender, disability, national origin, religion)
- Any termination that HR believes warrants a legal review.

Steps for Termination of Involuntary Terminations

- Manager conducts the termination meeting with the employee and HRG. HRG will present Separation from K12 document and severance agreement if applicable.
- Follow termination process steps as outlined above.
- Work with Payroll to ensure that final checks are delivered to all employees on date of termination.

Processing Terminations for non-K12 Employees

- Manager receives resignation notice from employee, preferably in writing. (If verbal, manager must request employee send written notice and include effective date) and forwards to Human Resources immediately.
 - If employee has performance or conduct issues, Human Resources is engaged once coaching the employee has been exhausted. The progressive discipline process is then followed. If termination is an option, Human Resources will review the documentation prior to a decision. If the decision is made to terminate, Human Resources and the Manager will meet with employee to deliver the information. Then, the following steps are followed.
- Complete the termination process in Employee system of record and terminate access to all systems
- Information regarding employment ending with "School" is provided to terminating Employee (i.e. last paycheck, vacation, benefits)
- Equipment Return is managed by Supervisor and Regional Technology team. Labels are provided to Employee to ship "School" equipment and materials.

- If employee is not meeting expectations during the resignation notice period, manager and K12 Human Resources can change the effective date of the resignation. Human Resources notifies Payroll of any effective date changes. The termination reason is changed to "Involuntary resignation."

Employee Files

The following mandatory items are maintained in the employee's file:

- All compliance related documents (i.e. fingerprint, background check, HQT, transcripts)
- Application of employment (if applicable)
- State / School specific documents (if applicable)
- Offer Letter / Teacher Contract
- Teacher Certificate (if applicable)
- Confidentiality Agreement (K12 only)
- Arbitration Agreement (K12 only)
- Inventions Owned document (K12 only)
- Non-Disclosure Agreement (K12 only)
- Handbook Acknowledgement form (signed within 30 days of employment)
- Any changes to compensation, bonuses, or promotions.
- FMLA documentation
- ADA documentation
- Other documents to be placed in employee files, if available
 - Written Warnings/ Performance Improvement Plans/ Any supporting documentation
 - Documentation provided by the employee to rebut a warning, Performance Improvement Plan or performance review
 - Emergency Contact Info
 - Performance Reviews
- Tuition Reimbursement applications and supporting documentation

IV. Information Technology

The Information Technology policies established below are applicable to everyone (All employees, teachers, contractors and vendors must ensure compliance) accessing K12 systems or utilizing technology assets.

Access to Systems

- User provisioning / de-provisioning requirements.

- Notification of termination or changes in roles must be communicated to K12 Corporate Human Resources and the Regional Technology Manager on or before the termination for removal/change of access. This includes all employees, co-employees (i.e., Insperity) and contractors).
- Timely revocation of accounts must occur for all systems a terminated user has access to or as a role changes occur.
- Documented approval of new user access must be obtained from the HOS.
- Laptops/ workstations must be returned immediately to Regional Technology Manager upon staff termination.
- Semi-annual user appropriateness review, intended to validate appropriate user access and identify accounts that should be deactivated due to terminations and must be completed within two weeks of receiving request.
 - Review results must be approved by the HOS.

Password Protection

- All employees, teachers, contractors and vendors accessing K12 systems must adhere to the following password policy:
 - Minimum of 8 characters
 - 3 out of 4 complexity factors (uppercase, lowercase, special character and numbers)
 - Not consist of readily known information or common words
 - Changed every 90 days
 - Be concealed upon entry (not visible when typed into application)
 - Not be shared
 - Changed immediately if compromised

Physical Security

- Laptops must be secured via a cable lock or other similar device, while stationary devices will rely on physical / facility security measures
- Physical security will be applied to central computer installations, office environments and 3rd party hosted facilities.
 - Access is limited to required personnel through locked door or badged access

Data Security

- Appropriate encryption should be established for exchange of protected information.
 - Documents stored outside of protected systems (i.e., flash drives and other media) must be secured with a password or encrypted

- Personally identifiable information (i.e., social security numbers, credit cards, student information) should be limited and generally not sent through a public domain e-mail system (i.e., Hotmail, Yahoo, Google)
- Virus protection must be applied on all computers and servers
 - Protection must be configured to run automatically
 - Virus definitions must be up to date.

System Development and Changes

- All system development (including hosted applications) must be performed in an environment separate from production and changes into production must be controlled, documented and approved.
 - Changes must be tested outside of the production environment and confirmed by system owner prior to implementation.
 - Changes deployed into production must be verified by the system owner with documented review approval.
- Default passwords for vendor provided applications are changed upon implementation.

Formatted: No bullets or numbering

Attachment I

SOUTH FLORIDA VIRTUAL CHARTER
SCHOOL BOARD INC.
1110 FAIRWAY DRIVE STE 130
DEERFIELD BEACH, FL 33441

1013

DATE 4/16/15

03-0055-2000

United Schools Association
Sixty thousand and no/100

60,000.00

DOLLARS

citibank

CITIBANK, N.A. BR 216
SOUTH FLORIDA VIRTUAL CHARTER SCHOOL BOARD INC.
1110 FAIRWAY DRIVE STE 130
DEERFIELD BEACH, FL 33441

consulting & placement Agreement

CEA

⑈001013⑈ ⑈26608855⑈ 9138633045⑈

Attachment J

CONSULTING PROCUREMENT AGREEMENT

This Consulting Procurement Agreement (CPA) is made this 15th day of April, 2015 by and between South Florida Virtual Charter School Board, Inc. (FVA) and United Schools Association, Inc. (USA).

WHEREAS, FVA desires to procure the services of consultants and experts in certain fields to improve the performance of its students and to promote enrollments, and

WHEREAS, the pace of pursuing those goals through FVA's current contractors has been slow and unproductive, and

WHEREAS, USA has extensive contacts in the required fields developed through its own operations and those of its staff, and

WHEREAS, USA is willing to assist FVA securing the services it requires, identify appropriate resources and pass through to FVA its preferential pricing arrangements with those resources without markup or additional compensation,

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and of other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1) Procurement of Experts

USA will seek out experts in the areas of student performance enhancement, supplemental teacher training, ancillary student services and student recruitment and retention for the benefit of FVA's virtual charter schools in Broward and Palm Beach Counties, Florida. USA will connect these experts with the appropriate staff at FVA and present the terms of their engagement for approval and will engage their services upon approval.

2) Terms

USA will engage the approved experts in order to avail FVA of favorable pricing whenever achievable. In no event will USA charge FVA any markup or fee for its services hereunder. Rather USA will function as a volunteer advisor to FVA and conduct for engagement of expert services only.

The maximum budget, in the aggregate for professional services hereunder shall be \$60,000 for all consultants combined, unless preapproved by FVA. FVA will deposit a retainer in that amount with USA at execution of this CPA. USA will provide FVA with an interim statement on May 15th

and June 15th, 2015 showing any sums paid out from the retainer and will return any undisbursed funds from the retainer in or before June 30, 2015. This CPA will expire June 30, 2015 except that the provisions of section 3) below will survive this agreement.

3) Status

The parties acknowledge and agree that USA is not the agent or employee of FVA and does not have the authority to bind FVA or act on its behalf. USA is to function strictly as a volunteer consultant and referral source as well as a conduit for retention and payment of any experts or consultants retained hereunder. USA does not warrant or accept responsibility for the performance or non-performance of any resources procured hereunder and FVA hereby releases and holds USA harmless for same.

IN WITNESS WHEREOF the parties have hereunto set their hands and seals on the date first above written.

South Florida Virtual Charter School Board, Inc. (FVA)

BY: 

Title: Alan Smith

United Schools Association, Inc. (USA)

BY: 

Title: CEO



United Schools Association

Statement of Retainer Application

Les Gordon - Phase I	\$9,000.00
Les Gordon - Phase II (Reserve)	\$9,000.00
Peter Lane (Recruitment-Reserve)	\$15,000.00
Green Advertising Agency Retainer	\$19,500.00
Total Applications/Reserves	(\$52,500.00)
Retainer Balance	\$60,000.00
Return Due June 30, 2015	\$7,500.00

HOME / NEWS / LOCAL EDUCATION

PBC charter school leader accused of steering money to his own company

 Resize text A A A

Updated: 11:26 a.m. Thursday, Oct. 15, 2015 | Posted: 3:55 p.m. Wednesday, Oct. 14, 2015



By Andrew Marra - Palm Beach Post Staff Writer

One of the nation's largest operators of online schools is blowing the whistle on a Palm Beach County charter school that it manages, alleging that the school's chairman improperly steered \$60,000 to a company he runs and at least \$25,000 more to a business associate.

The allegations against Florida Virtual Academy at Palm Beach County and its sister school, Florida Virtual Academy at Broward County, have prompted school district auditors in both Palm Beach and Broward to open investigations into the schools' financial dealings.



Phil Morgaman, chairman of Florida Virtual Academy at Palm Beach County, says the money his company received from the school will ... [Read More](#)

Now the schools' chairman, Philip E. Morgaman of Boca Raton, is vowing that most of the money in question will be reimbursed. He insisted, however, that it was spent on legitimate services for the two online schools, which educate about 400 students, and did not directly benefit him.

"It was a pass-through and nothing more," Morgaman told The Palm Beach Post.

He suggested that the allegations against him were payback from the management company, but added that "we don't want there to be an appearance of a problem, so it's rescinded."

The allegations at the virtual schools echo those made this summer at Wellington's Eagle Arts Academy, a charter school whose finances are being probed by the school district after The Post revealed that the school's founder steered school money to businesses he operated.

K12, the Virginia-based company paid to manage the two virtual schools, said that the schools' board entered into two transactions that troubled it enough to warn the Palm Beach and Broward school districts of its findings.

Last week, K12 took the extraordinary step of sending records to both school districts showing that in April, Morgaman wrote a

advertisement

In this Section

Man sues Boynton, 7 cops over violent arrest that FBI is investigating

Crane collapsed near Flagler Bridge; no injuries reported

Marshall environmental group: We'll phase out offices, staff

GOP candidates call for end to stigma around drug addiction

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Trump feigns outrage after rally-goer calls leaders Muslim

Most Palm Beach County stocks lost value in 2015 — only 7 posted gains

Loggers' Run Middle teacher accused of sending student nude pictures

7 things to know now: North Korea test; Obama gun control; Millennials

Police search for Riviera Beach teen missing since Tuesday

\$60,000 check from a school account to the United Schools Association, a non-profit he runs as chairman and CEO.

In December, records show, Morgaman also wrote a \$25,000 check from a school account to the United Schools Association's Chief Administrative Officer Dane G. Taylor.

In the letter, obtained this week by The Post, K12's executive vice president warned that the transactions "appear to contravene Florida's ethics laws."

Charter schools are financed by public tax dollars but are privately operated and receive little independent oversight. The virtual schools have no physical classrooms. Their students take classes online. The virtual academies' board pays K12 about \$1.5 million a year to operate the schools, Morgaman said.

A K12 spokesman acknowledged the letter but declined to discuss details.

"K12 takes compliance very seriously," spokesman Jeff Kwitowski said. "We had some serious concerns and we felt it was our responsibility to immediately alert the district, which is the school's authorizer, so they can review the matter independently."

But in an interview, Morgaman said that K12 never brought its concerns to him or the board. He called the allegations retribution.

Morgaman said that he and the rest of the school's board of directors have complained this year about the frequent turnover of K12's teaching staff and have resisted what he said were efforts by the company to add handpicked members to the board of directors.

"I think we clearly ruffled some feathers with a very large organization," he said.

The \$60,000 paid to United Schools Association was described in school records as a "deposit" for the non-profit to find experts to help boost student enrollment. Morgaman said that much of the money went to marketing and advertising companies, but that the contract prohibited his company from profiting from any of the transactions.

"It was a pass-through and nothing more," he said. "This was simply one organization trying to help another."

Though most of the money has been spent, he said the non-profit would return the full \$60,000 to the school in the form of a donation. As CEO of United Schools Association, he said he earns a \$50,000 annual salary, while he serves as a volunteer chairman on the virtual schools' board.

Morgaman said that the check he wrote from the schools' account to Taylor, an employee of United Schools Association, was for Taylor to assist the schools' board during a time of frequent turnover on K12's staff. Records indicate Taylor received \$25,000 in December and an additional \$7,500 in monthly payments.

"He's frankly the only continuity that we've had," he said.

The Palm Beach County School Board's inspector general opened a probe of the schools' finances this week, Inspector General Lung Chiu said. The Broward County School District's auditing department has also launched an investigative audit, Chief Auditor Patrick Reilly said.

Florida Virtual Academy at Palm Beach County is in its third year, educating roughly 150 full-time students in the county, K12 said.

The school is governed by the non-profit South Florida Virtual Charter School Board, which Morgaman heads and which pays K12 to manage all of its operations.

What The Post found

Charter schools are financed by taxpayers but freed from many rules that bind public schools. In previous stories, The Post showed questionable expenses at a Wellington charter school, the Eagle Arts Academy. Now, spending questions surround a virtual charter school, Florida Virtual Academy at Palm Beach County. **Read the Eagle Arts stories at MyPalmBeachPost.com**

PREVIOUS: STATE & REGIONAL

Florida artist creating giant 'potty chair' to neigh...

By Zeth Davis - Palm Beach Post Staff Writer

NEXT: STATE & REGIONAL GOVT & POLITICS

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By John Kennedy - Palm Beach Post Capital Bureau

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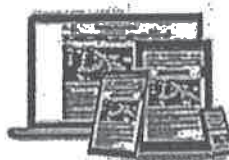


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Dane Taylor

From: Marion, Tammi <tmarion@k12.com>
Sent: Monday, January 26, 2015 5:06 PM
To: Geniza Madden
Cc: McCoy, Niyoka; Dane Taylor; Mitchell, JeLisa; Parker, Karen
Subject: RE: Fingerprinting

Absolutely.
 Sent from my Kyocera Hydro

Geniza Madden <geniza.madden@morgaman.com> wrote:

Thank you!

From: McCoy, Niyoka [mailto:nmccoy@k12.com]
Sent: Monday, January 26, 2015 5:04 PM
To: Marion, Tammi
Cc: Dane Taylor; Mitchell, JeLisa; Geniza Madden; Parker, Karen
Subject: Fingerprinting

→ Hi Tammi,
 Dane Taylor will be working with the South Board and he will need to get fingerprinted. Can you please touch base with him and make sure that he has all of the necessary information? Thank you.



Niyoka McCoy
 ELVA Head of School

9143 Phillips Hwy, Ste 590
 Jacksonville, FL 32256

Office: 904-247-3268 ext 1004
 Fax: 877-719-1645
 E-mail: nmccoy@k12.com

RE: Enrollment Numbers

Mccoy, Niyoka <nmccoy@k12.com>

Fri 1/30/2015 12:54 PM

Inbox

To: Dane Taylor <Dane@unitedschoolswecare.org>

See below. This might make you smile: <http://www.iibjab.com/view/UdF1UQf7nzJzB9AH6W3n>

From: Dane Taylor [mailto:Dane@unitedschoolswecare.org]

Sent: Thursday, January 29, 2015 12:34 PM

To: Mccoy, Niyoka

Subject: Re: Enrollment Numbers

Awesome, thanks for the clarification. I have a couple more questions regarding the power points that were sent my way:

--What do we need or what can we do to expedite the process of getting the information and documents needed for the 78 students "Not Approved." That is a lot of money just waiting to come in that we should focus on getting. The enrollment team and document processors follow up with these families consistently and remind them about the documentation that needs to be submitted. We offer them the ability to drop their documents off here at the office or a local outing and faxing/emailing the documents into the enrollment center. Enrollment has closed for high school and middle school closes this week.

--What causes both districts to have over 20% of its students withdrawing? How can we prevent this from happening? In some cases, family misunderstand the virtual schooling idea. They think that it is completely flexible and that they can do school when they want to and not take state tests. In some cases, students are not attending school and are being withdrawn due to non-attendance.

--On the Palm Beach Power point, slides 7, 9, 11 and 13 all say Broward Academic Achievement in the lightest color of green on the page. Not sure if that is suppose to say Palm Beach Academic Achievement or not??? Sending updated one.

--Lastly, what is the Study Island? I have no idea what that is in reference to... www.studyisland.com --we uses it for state test prep and identifying skill deficits

I appreciate your time Niyoka, thanks.

Dane G. Taylor
United Schools Association
Chief Administrative Officer
T: 561.226.7620



From: Mccoy, Niyoka <nmccoy@k12.com>

Sent: Thursday, January 29, 2015 10:34 AM

To: Dane Taylor

Subject: RE: Enrollment Numbers

The not approved column means that those students are either still waiting to be sufficient (meaning they do not have all of their documentation). So they are not active and are not enrolled.

Dane Taylor

From: Parker, Karen <karparker@k12.com>
Sent: Monday, July 6, 2015 10:21 AM
To: Dane Taylor
Cc: Bryant, Natarsha; Gonzalez, Freddie
Subject: RE: Marketing Update : South Florida Virtual of Palm Beach and of Broward

Hi Dane,

I am including Natarsha and Freddie Gonzalez on this email. Freddie will assist with providing a prerecorded class room session for you to view (there are no classes in session right now) and Natarsha will assist with trying to garner the intake calls and locations. I will follow up with both. Thank you for the exciting news and the list of leads! I appreciate your dedication and creativity.

I am in Indiana this week at the National K12 Summit. I will talk with you very soon.

Regards,

Karen Parker

From: Dane Taylor [mailto:Dane@unitedschoolsweare.org]
Sent: Tuesday, June 30, 2015 12:19 PM
To: Parker, Karen
Subject: Marketing Update : South Florida Virtual of Palm Beach and of Broward

Hi Karen,

Good afternoon. Hope all is well with you this week! If we don't talk, Happy 4th of July!

I wanted to give you an update on the marketing for both counties. As we said, the radio spots have been running for a couple weeks now along with the landing page being active. We have also started social media campaigns and in 10 days and we have acquired 427 followers (awesome for 10 days)! A total of 312 likes from parents and 99 likes from students. So far a total of 12,916 parents and 19,870 students have been reached on Facebook via SFLVA ads. We have generated 9 leads from our info section on the landing page!

Now, I do have a couple questions for you;

--- Is there any way to verify the number of calls coming in through the call center for our counties? We want to track the number of calls directly associated to our marketing strategies but unfortunately cannot track that without help from the call center. If this is possible, please let me know how I can get the information. Also, is the call center strictly inbound calls? Or do they make outbound calls as well??

--- Also, we would like to give access to a classroom and classroom material to our marketing team. May we have access to a class so they can browse around and get a feel for what we do?

I appreciate your time Karen. I look forward to your response, thanks.

**MINUTES OF THE
BOARD OF DIRECTORS
OF
SOUTH FLORIDA VIRTUAL CHARTER SCHOOL BOARD, INC.
operating
FLORIDA VIRTUAL ACADEMY @ PALM BEACH**

The Board of Directors of South Florida Virtual Charter School Board, Inc. met the 22nd day of April, 2015 at 9:00am in the conference room at the Boca Raton Public Library located at 1501 NW Spanish River Boulevard, Boca Raton, Florida.

The following members were present:

Philip E. Morgaman Rafael Quintero
Susan Goldstein (via teleconference)

Geniza Madden

The following guests were present:

Karen Parker Niyoka McCoy
Je'Lisa Mitchell Natarsha Bryant
Debbie Reagan Dane G. Taylor ←

Stephanie Chi
Deb Palmer

The Meeting of the Governing Board of the South Florida Virtual Charter School Board, Inc. meeting was called to order by Philip E. Morgaman.

Minutes of the Board of Directors meeting held on November 14, 2014 were presented and discussed. Upon motion duly made by Geniza Madden, seconded by Rafael Quintero, and unanimously adopted, it was RESOLVED THAT:

The minutes of the Board of Directors meeting held on November 14, 2014 were approved subject to being amended to the approved format. It was noted that the formatting was incorrect and will be corrected on meeting minutes for that meeting and going forward.

A discussion was held to replace the Secretary of the Board of Directors. Upon motion duly made by Philip E. Morgaman, seconded by Rafael Quintero, and unanimously adopted, it was RESOLVED THAT:

Geniza Madden was elected Secretary.

A discussion was held regarding the proposed 2015/16 calendar as provided. Upon motion duly made by Rafael Quintero, seconded by Geniza Madden, and unanimously adopted, it was RESOLVED THAT:

The 2015/16 calendar, as provided, was approved.

→ The President reported pursuant to standing resolution regarding Board Directed Funds, the retention of Dane G. Taylor as Contract Administrator at an annual stipend

of \$30,000 to provide staffing to the Board for contract administration, research, investigation and staff support as required. Also reported was the expenditure of up to a maximum of \$60,000 of segregated Board Directed Funds to hire experts to work with the K-12 staff and the Board to build student performance and enrollments. The initial two experts are designated to be an educational psychologist (Les Gordon). He would work directly with K-12 on strategies, materials off-line, training modules for teachers, etc. and the second has been a head of school and schools group (Peter Lane). He would be working directly with K-12 to help increase enrollments and improve performance numbers. These experts are to be retained through United Schools Association, Inc. without markup in order to avail SFVCSB of their pricing and access. Any of the retainer not used is to be refunded on or before June 30, 2015. Finally, the President reported expenditure from Board Directed Funds of the amount of \$3,373.26 for offline activities expenses for students and teachers set forth below.

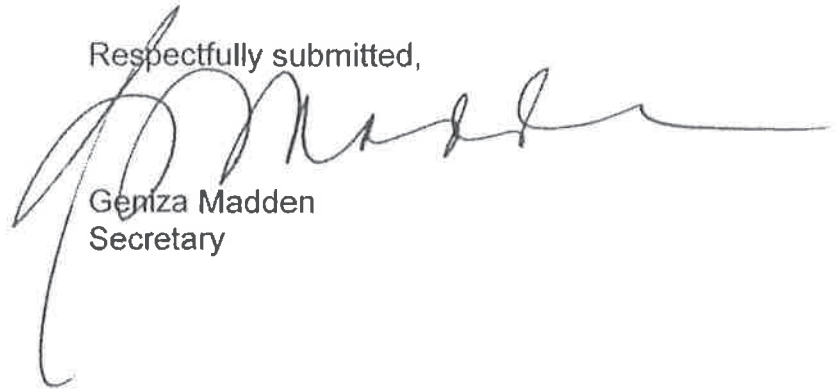
A Report on the school was presented by Karen Parker and Niyoka McCoy. The report included that students have been attending activities, including ice cream socials, tours by the Fort Lauderdale Historical Society, and an upcoming Black Sparrow Pirate Adventure. These trips are well received and attended. Students are given a tee shirt which identifies them as one of our students. The trips are for current students, but they are invited to bring a friend. We also had in-school contests. Daily contact is made with parents to re-register for next year. As of April 7, 2015, we have 129 students in Palm Beach and 217 in Broward. In Palm Beach, of the 129, 73 are confirmed returning, 39 are still unknown (not responded yet), and 17 are not returning. As of now, we have a 69.77% response rate. Karen Parker will get historical information (new enrollments and re-enrollments) and provide to Dane Taylor. Dane will provide the information monthly to board members.

A report on marketing efforts was presented by Natarsha Bryant. It was discussed that we need to market toward homeschoolers. Geniza Madden offered to do some research and forward back to Karen Parker and Natarsha Bryant. Additionally, it was discussed that we need to form alliances with mega-churches and other religious organizations. Further discussion was held regarding local radio and television advertising. Dane Taylor will research television and radio pricing. Natarsha Bryant will prepare the content for the radio and television advertising. Other potential markets discussed included: on-the-road kids (actor, athletes, etc.). Dane Taylor will research if they attend school with us can they play sports at a brick and mortar school. Natarsha discussed that the website is currently being re-done and should be complete by month end.

Stephanie Chi gave a presentation regarding pass rates and that they are slowly getting better. We are engaging students who have 'checked out' (two or more failing grades) and giving them a coach to help manage their time and improve. Teachers are focusing on borderline grades and giving students intensive classes and opportunity to make up previous work. New teachers receive a mentor and a coach.

There being no further business before the Board of Directors, Upon Motion duly made by Geniza Madden and Seconded by Rafael Quintero, and unanimously adopted, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Geniza Madden', written over the typed name and title.

Geniza Madden
Secretary

South Florida Virtual Charter School Board Inc
Reserve Bank Account Activity
November 1, 2014 through November 16, 2015

Date	Check #	Description	Debits	Credits	Running Balance	OCA's Comments/Description
10/31/14				\$11,478.02	\$11,478.02	Beginning Balance from 2013-14 School Year
11/17/14		Transfer from Palm Beach		\$72,181.50	\$83,659.52	Palm Beach Charter school portion of main account funds transferred. Board reserve account
11/17/14		Transfer from Broward		\$86,774.90	\$170,434.42	Broward Charter school portion of main account funds transferred. Board reserve account
11/17/14	1001	Void	\$0.00		\$170,434.42	
12/02/14	1002	Trip Scott PA	\$1,045.00		\$169,389.42	Legal fees related to Changing Bank Accounts
12/06/14	1003	Dane G. Taylor; contract monitoring and management services	\$25,000.00		\$144,389.42	Advance Payment of \$15,000 plus \$10,000 for 4 months (Sept 2014-Dec 2014)
01/15/15	1004	Dane G. Taylor; monthly stipend	\$1,250.00		\$143,139.42	Per Agreement between Dane G. Taylor and SPVCS Board
02/05/15	1005	Dane G. Taylor; monthly stipend	\$1,250.00		\$141,889.42	Per Agreement between Dane G. Taylor and SPVCS Board
03/12/15	1006	Dane G. Taylor; monthly stipend	\$1,250.00		\$140,639.42	Per Agreement between Dane G. Taylor and SPVCS Board
04/06/15	1007	Dane G. Taylor; monthly stipend	\$1,250.00		\$139,389.42	Per Agreement between Dane G. Taylor and SPVCS Board
04/06/15	1008	Printify Corporation; tee shirts for student outings	\$1,955.90		\$137,433.52	T-shirt purchase for both Broward and Palm Beach Charter Schools
04/06/15	1010	Fort Lauderdale Historical Society; Broward student outing	\$210.00		\$137,223.52	Field Trip Expenditures
04/16/15	1013	United Schools Association; Consulting and Recruitment Agreement	\$60,000.00		\$77,223.52	Amount issues to USA (see Note a below)
04/06/15	1009	Sean's Rosemary Avenue Inc; Palm Beach student outing	\$158.68		\$77,064.84	Field Trip Expenditures
04/06/15	1011	Sloan's Rosemary Avenue Inc; Broward student outing	\$158.68		\$76,906.16	Field Trip Expenditures
04/06/15	1012	Black Sparrow Pirates; Palm Beach student outing	\$770.00		\$76,136.16	Field Trip Expenditures
04/28/15	1014	Fort Lauderdale Historical Society; Broward student outing	\$119.00		\$76,016.16	Field Trip Expenditures
05/06/15	1015	Dane G. Taylor; monthly stipend	\$1,250.00		\$74,766.16	Per Agreement between Dane G. Taylor and SPVCS Board
06/09/15	1016	Dane G. Taylor; monthly stipend	\$1,250.00		\$73,516.16	Per Agreement between Dane G. Taylor and SPVCS Board
07/02/15	1017	Dane Taylor; monthly stipend	\$1,250.00		\$72,266.16	Per Agreement between Dane G. Taylor and SPVCS Board
07/08/15		Deposit; refund of balance not used from United Schools Association		\$7,500.00	\$79,766.16	Returned Portion of \$60,000 transferred to USA on April 16, 2015
07/15/15	1018	Green Advertising; advertising (backup previously sent; copy attached)	\$63,477.92		\$16,288.24	Payment to Green Advertising for marketing services
07/31/15		Transfer from 2055; Broward Account (for Board discretionary fund per budget)		\$83,903.20	\$100,191.44	Broward Charter school portion of main account funds transferred. Board reserve account
08/07/15	1019	Dane Taylor; monthly stipend	\$1,250.00		\$98,941.41	Per Agreement between Dane G. Taylor and SPVCS Board
09/08/15	1020	Dane Taylor; monthly stipend	\$1,250.00		\$97,691.41	Per Agreement between Dane G. Taylor and SPVCS Board
	1021	void	\$0.00		\$97,691.41	
09/09/15		Transfer from 2052; Palm Beach Account (for Board discretionary fund per budget)		\$56,946.50	\$154,637.91	Palm Beach Charter school portion of main account funds transferred. Board reserve account
09/18/15	1022	to open SPVCS Investment Account	\$100,000.00		\$54,637.91	Funds planned for Investments by SPVCS Board
10/02/15		Transfer from investment account; account closed		\$100,000.00	\$154,637.91	Return of funds planned for investment at Citibank that were cancelled
10/02/15		Transfer to Palm Beach (per PEM agreement with James Rhyu; email attached; previously sent)	\$38,090.75		\$116,547.19	Return of funds to adjust Board Reserve Account
10/02/15		Transfer to Broward Account (per PEM agreement with James Rhyu; email attached; previously sent)	\$43,387.45		\$73,159.74	Return of funds to adjust Board Reserve Account
10/05/15	1023	Dane Taylor; monthly stipend	\$1,250.00		\$71,909.74	Per Agreement
10/06/15		Transfer to Palm Beach (per PEM agreement with James Rhyu; email attached; previously sent)	\$17,590.02		\$54,319.72	Return of funds to adjust Board Reserve Account
10/06/15		Transfer to Broward Account (per PEM agreement with James Rhyu; email attached; previously sent)	\$25,916.57		\$28,403.15	Return of funds to adjust Board Reserve Account
11/09/15	1024	Dane Taylor; monthly stipend	\$1,250.00		\$27,153.15	Per Agreement between Dane G. Taylor and SPVCS Board
11/09/15	1024	Samuel Hawn, Esq. retainer agreement	\$10,000.00		\$17,153.15	Legal services requested by SPVCS Board
11/13/15		Deposit; refund of reserve balance not used due to impossibility of performance-phase 1&2		\$18,000.00	\$35,153.15	Return of Les Gordon's consultant services costs
11/13/15		Deposit; refund of reserve balance not used due to impossibility of performance-phase 3		\$15,000.00	\$50,153.15	Return of Peter Lane's consultant services costs
			\$399,630.97	\$451,784.12	\$52,153.15	

Recap of the \$60,000 transferred from SPVCS Reserve account to United Schools Association, Inc (USA)

04/16/15	1013	Funds sent to United Schools Association; Consulting and Recruitment Agreement	\$60,000.00	
07/08/15		Return of Deposit; refund of balance not used from United Schools Association, Inc.	\$7,500.00	See Note a
11/13/15		Return of Les Gordon's consultant services costs	\$18,000.00	See Note a
11/13/15		Return of Peter Lane's consultant services costs	\$15,000.00	See Note a
11/16/15		Payment made to Green Advertising Inc. from USA checking account	\$19,500.00	See Note a
		Total	\$60,000.00	

Note a For the \$60,000 issued to USA a total of \$19,500 was expensed for marketing purchases and \$40,500 was returned to Board Reserve account.

← Note: \$18,000 and \$15,000 assigned to each consultant, for a total of \$33000.

Exhibit D

UNITED SCHOOLS ASSOCIATION, INC.

800 FAIRWAY DRIVE STE 130
DEERFIELD, FL 33441

63-8655 2660

1029

Exhibit E

Pay to the order of Green Advertising \$ 19,500.00
Nineteen Thousand Five Hundred and no/100 dollars

citibank

CITIBANK N.A. BR #74
3560 WEST HILLSBORO BOULEVARD
DEERFIELD BEACH, FL 33442

via PassThrough

Dann G. Faylon

⑆266086554⑆

9138214820⑈ 1029

pm Green - They can't
locate - to write to
stop. pm & re-issue
D

Exhibit F

 [Print](#) [Close](#)

CHECK: 2352

Date: Nov 25, 2015

Amount: \$19,500.00



United Schools Association, Inc.
800 Fairway Drive Ste 130
Deerfield Beach, FL 33441

CitiLink
ACH N/T 266086554
63-8855-2660

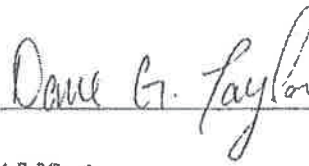
2352
DATE 11/16/2015

\$ 19,500.00

PAY Nineteen Thousand Five Hundred and 00/100 Dollars

TO THE Green Advertising
ORDER PO Box 7247-6118
BY Philadelphia, PA 19170-6118

Rept. # 1029
FLVA Pass through



⑈002352⑈ ⑆266086554 ⑆9138214820⑈

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE MICROFILMED FOR THE NATIONAL ARCHIVE	For >031100209< 11/24/15 DLW-GreenAdver
	Deposit Citibank N.A.
	Only New Castle DE 30560881
	6116 625951 008 000 625951-08-01-004/0001-004

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

Did you know... Check Image files may be automatically saved on the hard drive of this computer. If other people use this computer you should delete these files so that no one will have access to your check images and account information. [Learn more.](#)

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CHECK: 1018

Date: Jul 15, 2015

Amount: \$63,477.92



SOUTH FLORIDA VIRTUAL CHARTER SCHOOL BOARD INC. 600 FAIRWAY DRIVE STE 130 DEERFIELD BEACH, FL 33441		1018
PAY TO THE ORDER OF <u>Green Advertising</u>	DATE <u>7/15/15</u>	03-8555-3000
<u>Twenty Three Thousand Four Hundred Twenty Seven + 00/100</u>		\$ <u>63,477.92</u>
citibank [®]		DOLLARS <u>63,477.92</u>
FOR <u>Inv 001018</u>	<u>[Signature]</u>	
#001018# 12660865541		9138633015

For 031100200< 07/15/15 DLW-GreenAdver
Deposit Citibank N.A.
Only New Castle DE 30266441
0118 738102 001 000 738102-08-01-00140001-001

CHECK 1018



The School Board of Broward County, FL



Charter Schools Management/Support Department

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
Section 1002.33(5)(b)(1)(a), Florida Statutes

Literacy On-Site Programmatic Review – Corrective Action Plan

Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date
<p>Reading Plan Section 1002.33(7)(a)(2), Florida Statutes</p> <p>K-12 Plan Option: (As stated in approved contract and FL DOE K-12 Reading Plan database)</p> <p><input checked="" type="checkbox"/> Opted in 14/15</p> <p><input type="checkbox"/> Opted out 14/15</p>	<p>Reading Plan is aligned to Florida Standards as required by Florida Department of Education.</p> <p><u>Lesson Plans:</u> Do the lesson plans identify the following:</p> <ul style="list-style-type: none"> • Subject Area and Grade Level(s) • Targeted Standards and Specific Student Objectives • Curriculum Materials (core and supplemental) • ESOL and ESE Strategies and Accommodations • Differentiated Instruction (whole vs. small group instruction) • Student Assessment/Evaluation 	<p>School failed to provide current lesson plans for each level (K-2, 3-5, 6-8, 9-12) in Dropbox.</p> <p>School failed to provide clear descriptions of the courses offered for reading/reading intervention/language arts or how students are placed in specific courses.</p> <p>School failed to provide evidence that lessons align to Florida Standards and include the standard of rigor required by FL DOE.</p> <p>School failed to provide evidence of a learning environment that is conducive to learning. School failed to provide evidence of student interaction during the lesson other than emoticons and greetings.</p> <p>School failed to provide evidence of a comprehensive reading plan that aligns to the District's K-12 Comprehensive Research-Based Reading Plan.</p>	<p>FLVA will provide current lesson plan samples for each grade band (K-2, 3-5, 6-8, 9-12)</p> <p>FLVA will provide descriptions of courses for reading/reading intervention/language arts and how students are placed in specific courses; School-based Reading Plan will be revised to reflect current course offerings and student placement</p> <p>FLVA will provide curriculum alignment guides evidencing lesson alignment with the Florida Standards</p> <p>FLVA wishes to provide face-to-face live lesson viewing in the Broward Charter office to provide evidence of learning and demonstration of student interaction and engagement during lessons.</p> <p>FLVA will revise the site-based reading plan to align with the Broward Comprehensive K-12 Research-Based Reading Plan</p>	<p>Bridget White (AA K-5) Des Floyd (AA 6-12)</p> <p>Bridget White Des Floyd Farica King</p> <p>Bridget White Des Floyd</p> <p>Bridget White Des Floyd Farica King</p>	<p>9/30/2015</p> <p>10/2015</p> <p>10/2015</p> <p>10/2015</p>

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
Section 1002.33(5)(b)(1)(a), Florida Statutes

Literacy On-Site Programmatic Review – Corrective Action Plan

Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date
Reading Plan – Continuation Section 1002.33(7)(a)(2), Florida Statutes		School failed to provide evidence of a comprehensive reading program for elementary and secondary grades. A lot of emphasis and instructional time is placed on Study Island, but no details were provided about how the program is used to support K12/Mark12 or which specific components of Study Island are used at each grade level, and/or student ability level.	FLVA will provide descriptions of courses offered for reading/reading intervention/language arts and criteria for student placement in specific courses. The revised school-based Reading Plan will reflect current course offerings and student placement. Additionally, Study Island has been removed from the curriculum.	Bridget White Des Floyd Farica King Stephanie Chi	10/2015
		School failed to provide complete and comprehensive curriculum maps. Math K-5 map ended in May with Classroom Connects sessions ending in early May followed by several weeks of testing through the end of year. The ELA K-5 map ends in January. No secondary curriculum maps were provided.	FLVA will provide comprehensive curriculum maps for both elementary and secondary levels.	Bridget White Des Floyd	10/2015
		School failed to provide evidence of appropriate student placement procedures that are based on student data. Students are placed in mixed grade reading courses (6–12), and are not grouped based on student data or student need. Small group instruction is offered, but no specific research-based curriculum materials are used, and students are in grade-level groups, not ability grouped.	FLVA's revised school-based Reading Plan will reflect current course offerings and student placement procedures based on student data. Students are now served in ability groupings based upon student need, rather than in mixed grade reading courses.	Bridget White Des Floyd Farica King	10/2015

Exhibit H

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
Section 1002.33(5)(b)(1)(a), Florida Statutes

Literacy On-Site Programmatic Review – Corrective Action Plan

Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date
Reading Plan - Continuation Section 1002.33(7)(a)(2), Florida Statutes	Schools that 'opt in' must follow the District's K-12 Research-based Comprehensive Reading Plan. <u>CCRP/CIRP/SIRP:</u> • Which state-adopted, research-based core reading program is being	School failed to provide access to secondary classes, live or recorded.	FLVA wishes to provide face-to-face live lesson viewing in the Broward Charter office to provide direct access to secondary classes, both live and recorded.	Bridget White Des Floyd Farica King	10/2015
		School failed to provide evidence of a comprehensive reading plan that aligns to the District's K-12 Comprehensive Research-Based Reading Plan. (K12/Mark12) are not mentioned or referred to when describing the live and small group reading intervention sessions for K-12(9).	FLVA will revise the site-based reading plan to align with the Broward Comprehensive K-12 Research-Based Reading Plan. The FLVA site-based reading plan will reflect implementation of a comprehensive reading program for elementary and secondary grades, beginning in the 2015-2016 school year. The CCRP/CIRP/SIRP (K12/Mark12/Achieve 3000) will be reflected in all live and small group reading intervention sessions for all students.	Bridget White Des Floyd Farica King	10/2015

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
Section 1002.33(5)(b)(1)(a), Florida Statutes

Literacy On-Site Programmatic Review – Corrective Action Plan						
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date	
Reading Plan - Continuation Section 1002.33(7)(a)(2), Florida Statutes	used on a daily basis for reading intervention/intensive reading for Level 1 and 2 students? <ul style="list-style-type: none">Which research-based supplemental reading programs are being used regularly to support the core reading program? <u>Required Reading Time:</u> Are students receiving the state-required amount of time for reading intervention/intensive reading, especially Level 1 and 2 students?	School failed to provide evidence of a comprehensive reading program for elementary and secondary grades. A lot of emphasis and instructional time is placed on Study Island, but no details were provided about how the program is used to support K12/Mark12, or which specific components of Study Island are used at each grade level and/or student ability level. The school representatives were unable to explain the K-12/Mark12 programs, how these programs are used for reading/reading intervention, how student placement is determined, and how deficiencies are being addressed as identified by student data.	Additionally, Study Island has been removed from the curriculum. If desired, FLVA school representatives are available at the discretion of the Charter Office to discuss and explain our reading/reading intervention program, how student placement is determined, and how deficiencies are being addressed as identified by student data.			
		School failed to provide evidence that students receive the FL DOE required instructional time for reading/reading intervention. No clear schedule was provided demonstrating compliance of the FL DOE statutory requirement for elementary and secondary reading intervention.	FLVA will provide evidence students are receiving FL DOE required instructional time for reading/reading intervention. Required instructional time is evidenced by student schedules and demonstrates compliance of the FL DOE statutory requirements for elementary and secondary reading intervention.	Bridget White Des Floyd Farica King	10/2015	

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
Section 1002.33(5)(b)(1)(a), Florida Statutes

Literacy On-Site Programmatic Review – Corrective Action Plan

Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date
		School failed to provide evidence of appropriate student placement procedures that are based on student data. Students are placed in mixed grade reading courses (6-12), and are not grouped based on student data or student need. Small group instruction is offered, but no specific research-based curriculum materials are used, and students are in grade-level groups, not grouped based on ability/deficiency.	FLVA's revised school-based Reading Plan reflects appropriate student placement procedures based on student data. Students are no longer randomly assigned to mixed grade reading courses. Students are now served in ability groupings based upon student need/student data. Students are served in a variety of ways during the reading instruction period (including small group instruction) where materials from the district approved Reading Plan are utilized.	Bridget White Des Floyd Farica King	10/2105
		School failed to provide access to live classes at each grade level (K-2, 3-5, 6-8, 9-12), after several requests.	FLVA wishes to provide face-to-face live lesson viewing in the Broward Charter office to provide direct access to secondary classes, both live and recorded.	Bridget White Des Floyd Farica King	10/2015
		School failed to provide evidence that student activities meet Florida Standards.	FLVA wishes to provide face-to-face live lesson viewing in the Broward Charter office to provide evidence student activities meet Florida Standards.	Bridget White Des Floyd Farica King	10/2015
		School failed to provide a learning environment conducive to learning.	FLVA wishes to provide face-to-face live lesson viewing in the Broward Charter office to provide evidence of learning and demonstration of student interaction and engagement during lessons.	Bridget White Des Floyd Farica King	10/2105

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
Section 1002.33(5)(b)(1)(a), Florida Statutes

Literacy On-Site Programmatic Review – Corrective Action Plan

Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date
Academic Performance Data §1002.33(7)(a)(4), F.S. Progress Monitoring Assessments: <input checked="" type="checkbox"/> FAIR-FS <input checked="" type="checkbox"/> iReady <input type="checkbox"/> Scantron <input type="checkbox"/> N.W.E.A. <input type="checkbox"/> Other: _____	Identify the methods used to ensure accountability by analyzing performance data and evaluating effectiveness and efficiency of programs. <u>Data Reports Provided:</u> FAIR (3-9), FLKRS (K), IREADY (K-9), PLA (Personal Learning Assessment – 3-9), DIBELS (K-5)	School failed to provide evidence of complete and current data for all students, especially Level 1 and 2 students. Students who are missing data because they did not complete the required assessments, like FAIR or iReady, are notified and put on a 'plan'. Per the PMRN report, a large number of students are missing FAIR data. The iReady report was incomplete: no individual student data provided.	FAIR is no longer utilized, but FLVA will provide evidence of complete and current iReady data for all students. The Elementary Academic Administrator will ensure student FLKRS data is complete and accurately reported in PMRN. A complete iReady report with individual student data will be provided by the Elementary AA.	Bridget White	10/2015
		School failed to provide evidence of a clear and comprehensive grading system. After repeated requests, no explanation has been provided for what the Tier System is, how it works, or what each level represents.	FLVA will provide evidence of a clear, comprehensive grading system, as well as an explanation of the grading system. The Tier System, as mentioned in the deficiencies section for this indicator, is no longer utilized by any of our instructors.	Bridget White Des Floyd	10/2015
		School failed to provide evidence that data is used to evaluate the effectiveness of programs. No evidence was provided that monitoring of program implementation, effectiveness, student achievement and mastery of standards is taking place regularly.	FLVA will provide evidence of our Data Driven Instruction program which is utilized to evaluate the effectiveness of programs. Our DDI program is utilized to monitor program implementation, and mastery of standards on a continuous basis throughout the school year. Additionally, FLVA will provide a comprehensive assessment calendar outlining the use of a variety of assessment methods used to guide instructional decisions.	Bridget White Des Floyd	10/2105

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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Literacy On-Site Programmatic Review – Corrective Action Plan

Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date
	Current and complete student achievement data that includes Florida Comprehensive Assessment Test (FCAT) and progress monitoring data, i.e.: Florida Assessments for Instruction in Reading (FAIR-FS), iReady, Scantron, N.W.E.A. and/or Broward Assessment Florida Standards (BAFS).	School failed to provide complete and current data for all students. No individual student data was available for review. Some data reports were incomplete.	FLVA will provide evidence of our Data Driven Instruction program which is utilized to evaluate the effectiveness of academic programs. FLVA will provide complete, current progress monitoring data each 6 weeks to the Broward Charter office. Data will be reported on each individual student.	Bridget White Des Floyd	10/2015
	All current students appear in Total Educational Resource Management System (TERMS) and Virtual Counselor.	School failed to provide evidence of current and accurate student information in TERMS.	FLVA will ensure current, accurate student information is entered in TERMS	Freddie Gonzalez	9/2015
Reading Endorsement Rule 6A-4.0163, F.A.C.	Reading Endorsement Add-On Plan has been completed or is in progress as required by Florida Department of Education (FLDOE) for middle and high school.	School failed to provide a list of secondary reading teachers to determine if all are reading endorsement/certified as required by FL DOE. Unable to confirm that reading teachers in grades 6-12(9) are reading endorsed/certified.	FLVA will provide a list of secondary reading teachers, as well as copies of teacher certificates for teacher(s) to ensure confirmation of reading endorsement/certification for all FLVA secondary reading teachers.	Freddie Gonzalez	10/2015

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.

Section 1002.33(5)(b)(1)(a), Florida Statutes

Exceptional Student Education (ESE) On-Site Programmatic Review – Corrective Action Plan						
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date	
Prior Written Notice Parent Participation Form (PPF) Rule 6A-6.03028(3)(b)(3), F.A.C. Local Education Agency (LEA) Agreement	10-day advance notice for 1 st invitation or Parent Participation Form (PPF) for Annual Individualized Education Plan (IEP) Meeting	School failed to provide 10-days notice to parents for the IEP meeting (3 out of 5 IEPs reviewed).	***FLVA has reconfigured the Special Programs Department as a direct result of the spring Broward Programmatic Review findings. An experienced ESE staffing specialist/compliance teacher has been added to our staff to ensure compliance and quality IEP creation & implementation. Ms. King, our new Special Programs Manager, and Ms. Duncan, our ESE Staffing Specialist, have regularly attended Broward ESE professional development and will continue to do so throughout the school year to ensure adherence to all required mandates both from the district and from the state. Additionally, Ms. King has implemented weekly data chats and FLVA professional development activities with FLVA at Broward Special Education instructors, as well as a once per month professional development activity with FLVA general education teachers to ensure quality IEP development & compliance, appropriate implementation of student IEPs, maintenance of proper documentation, and implementation of student accommodations/modifications.	Jessica Duncan Farica King	9/2015 – 6/2016	
	2nd notice of Parent Participation Form for Annual IEP Meeting.	School failed to provide 2nd notice to parents for the IEP meeting (3 out of 5 IEPs reviewed).	FLVA will provide 10 day written notice to parents for all IEP meetings. FLVA will provide 2 nd notice to all parents for IEP meetings.	Jessica Duncan Farica King	9/2015-5/2016	

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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Exceptional Student Education (ESE) On-Site Programmatic Review – Corrective Action Plan							
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as non-compliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date		
	Parent waives 10-day notice documented.	School failed to provide evidence of parent waiver of 10-day notice (1 out of 5 IEPs reviewed).	FLVA will provide evidence of any necessary parent waivers of 10-day notice.	Jessica Duncan Farica King	9/2015-5/2016		
	Required members listed on the PPF.	School failed to have the proper membership documented for PPFs (5 out of 5 IEPs reviewed).	FLVA will have proper membership documented for all PPFs.	Jessica Duncan Farica King	9/2015-5/2016		
Individualized Education Plan (IEP) Team Membership Rule 6A6.03028(3)(c), F.A.C.	Required members attend the meeting.	School failed to have the proper membership documented for IEPs (5 out of 5 IEPs reviewed).	FLVA will have proper membership documented for all IEPs.	Jessica Duncan Farica King	9/2015-5/2016		
	Excusal forms are generated (as needed) prior to the IEP meeting and have signed Consent or Agreement from the parent.	School failed to generate excusal forms when the required membership is unable to attend the IEP meeting (5 out of 5 IEPs reviewed).	FLVA will generate excusal forms when the required membership is unable to attend the IEP meeting.	Jessica Duncan Farica King	9/2015-5/2016		
Annual IEP Rule 6A6.03028(3)(f), F.A.C.	IEP completed by the annual due date.	School failed to conduct IEPs by the annual date (2 IEPs out of compliance).	FLVA will conduct IEPs prior to the annual due date.	Jessica Duncan Farica King	9/2015-5/2016		
Annual Goals Progress Reports Rule 6A6.03028(3)(h)(7), F.A.C.	Annual Goals Progress Reports(s) generated concurrent with the issuance of report cards.	School failed to generate quarterly Annual Goals Progress Reports for parents (2 out of 5 out of compliance).	FLVA will generate quarterly Annual Goals Progress Reports for parents.	Jessica Duncan Farica King	9/2015-5/2016		
Reevaluation Rule 6A6.0331(7)(b), F.A.C.	Reevaluation completed by the due date.	School failed to complete one Re-evaluation plan out of compliance).	FLVA will complete all re-evaluations by due dates.	Jessica Duncan Farica King	9/2015-5/2016		
IEP Rule 6A6.03028(3)(h), F.A.C. Rule 6A-6.0331(1)(c), F.A.C.	Present Level of Performance (PLP) reflects current data.	School failed to provide current data and functional information in the present level of performance (4 out of 5 IEPs reviewed).	FLVA will provide current data and functional information in the Present Level of Performance on all IEPs.	Jessica Duncan Farica King	9/2015-5/2016		
				Jessica Duncan Farica King	9/2015-5/2016		

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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Exceptional Student Education (ESE) On-Site Programmatic Review – Corrective Action Plan						
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School) and Governing Board	Completion Date	
Services Rule 6A-6.03028, F.A.C.	PLP, impact of disability, priority educational needs and goals align.	School failed to align the present level of performance with the impact of the disability and the priority educational need (3 out of 5 IEPs reviewed).	FLVA will ensure all Present Levels of Performance are aligned with the impact of the disability and the priority educational need.	Jessica Duncan Farica King	9/2015-5/2016	
	Measurable annual goals.	School failed to develop measurable annual goals for students with disabilities (4 out of 5 IEPs reviewed).	FLVA will develop measurable annual goals for all students with disabilities.	Jessica Duncan Farica King	9/2015-5/2016	
	Provision of Services is documented on IEP	School failed to provide ESE related services, specifically Counseling, DHH, Audiology, OT and PT services, as outlined on the IEP. School failed to provide data with evidence to speak to the discontinuance of IEP Services.	FLVA will provide appropriate related services to all students as outlined in their IEPs. FLVA will provide appropriate data for discontinuation of IEP services.	Jessica Duncan Farica King	9/2015-5/2016	
Matrix Rule 6A-1.0451(6)(7), F.A.C. LEA Agreement	Services are Provided and documented (wizard) on EasyIEP.	School failed to document ESE services as outlined on the IEP. (EasyIEP Wizard)	FLVA will document ESE services as outlined on the IEP.	Jessica Duncan Farica King	9/2015-5/2016	
	Matrix completed with the new IEP/Interim IEP/EP.	School fail to develop the matrix of service after the development of the IEP (2 out of 5 out of compliance).	FLVA will develop all matrix of services after development of IEPs.	Jessica Duncan Farica King Jessica Duncan Farica King	9/2015-5/2016 9/2015-5/2016	
	Documents with signatures are faxed into the EasyIEP System.	School failed to fax/paper clip required documents into the EasyIEP system, including but not limited to, evaluations, parent signatures, reports etc.	FLVA will ensure all required documents are submitted into the EasyIEP system as outlined in Broward ESE training and also in the Broward ESE eBox Compliance Kit IEP Process sections.	Jessica Duncan Farica King	9/2015-5/2016	

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

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Exceptional Student Education (ESE) On-Site Programmatic Review – Corrective Action Plan						
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date	
	Reports and required documents are faxed into the EasyIEP System.	School failed to fax/paper clip required documents into the EasyIEP system, including but not limited to, evaluations, parent signatures, reports etc.	FLVA will ensure all required documents are submitted into the EasyIEP system as outlined in Broward ESE training and also in the Broward ESE eBox Compliance Kit IEP Process sections.	Jessica Duncan Farica King	9/2015-5/2016	
Parent Notification Rule 6A-6.03028(3)(b), F.A.C.	Parent signed Parent Notification, when applicable.	School failed to generate and provide to parents the Parent Notification Form (3 out of 5 out of compliance).	FLVA will generate and provide parents with the Parent Notification Form for all IEP meetings.	Jessica Duncan Farica King	9/2015-5/2016	
Procedural Safeguards Rule 6A-6.03311(2)(a)(b), F.A.C.	Parent Signature required one time per year. Faxed into EasyIEP system.	School failed to provide to parents the Procedural Safeguards and obtain a parent signature. School failed to fax/paper clip required documents into the EasyIEP system, including but not limited to, evaluations, parent signatures, reports etc.	FLVA will provide parents with Procedural Safeguards and obtain parent signatures indicating receipt of the Procedural Safeguards. FLVA will ensure all required documents are submitted into the EasyIEP system as outlined in Broward ESE training and also in the Broward ESE eBox Compliance Kit IEP Process sections.	Jessica Duncan Farica King Jessica Duncan Farica King	9/2015-5/2016 9/2015-5/2016	
Prior Written Notice Procedural Safeguards Rule 6A-6.03311(1), F.A.C.	Provided upon proposed or refused change of educational placement.	School failed to generate a Notice of Proposal/Refusal upon a proposed change in educational placement from an ESE setting to an ESE Telecommunications setting (3 out of 5 IEPs reviewed).	FLVA will generate a Notice of Proposal/Refusal upon all proposed changes in educational placements from ESE setting to an ESE Telecommunications setting as appropriate.	Jessica Duncan Farica King	9/2015-5/2016	
Notice of Proposal/Refusal Rule 6A-6.03311(1)(c), F.A.C.	Provided upon proposed or refused change in service.	School failed to generate a Notice of Proposal/Refusal upon a proposed change in service of 50% or more setting (3 out of 5 IEPs reviewed).	FLVA will generate a Notice of Proposal/Refusal upon any proposed change in service of 50% or more setting.	Jessica Duncan Farica King Jessica Duncan Farica King	9/2015-5/2016 9/2015-5/2016	
** Must be written in parent friendly language	Provided upon proposed or refused change in Free Appropriate Public Education (FAPE).	School failed to generate a Notice of Proposal/Refusal upon a change in FAPE setting (3 out of 5 IEPs reviewed).	FLVA will generate a Notice of Proposal/Refusal upon any proposed change in FAPE setting.	Jessica Duncan Farica King	9/2015-5/2016	

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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Exceptional Student Education (ESE) On-Site Programmatic Review – Corrective Action Plan							
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date		
CLASSROOM VISITATION: Evidence of Documented ESE Services Being Provided Rule 6A-6.03028, F.A.C.	IEP At-A-Glance is Provided to all Service Providers/Teachers of the student.	School failed to demonstrate evidence of provision of IEPs and/or an IEP At-A-Glance for teacher reference.	FLVA will demonstrate evidence of provision of IEPs and/or IEP At-A-Glance for teacher reference.	Jessica Duncan Farica King	9/2015-5/2016		
	Services are documented.	School failed to document ESE services as outlined on the IEP. (EasyIEP Wizard)	FLVA will document all ESE services as outlined on IEPs.	Jessica Duncan Farica King	9/2015-5/2016		
CLASSROOM VISITATION: Evidence of Documented Allowable Accommodations, Supplemental Aids and Services Being Provided Rule 6A-6.03028(3)(h)(4), F.A.C.	Accommodations/Supplemental Aids are provided are documented in the Teacher Plan book/Records	School failed to provide lesson plans documenting differentiated instruction and providing accommodations for students with disabilities.	FLVA will provide lesson plans documenting differentiated instruction and providing accommodations for students with disabilities.	Jessica Duncan Farica King	10/2016		
CLASSROOM VISITATION: Evidence of Data Collection for IEP Goals Rule 6A-6.03028(3)(h)(7), F.A.C.	Teacher(s) have a folder or file for ESE students with evidence/data for IEP goals/services/supplemental aids and services.	School failed to provide evidence, via portfolio or student folder, with data or evidence to speak to IEP Goals and accommodations provided.	FLVA will provide evidence to indicate services provided with respect to IEP goals and accommodations upon request at any point during the school year.	Jessica Duncan Farica King	9/2015-10/2016		
Appendix B Parent Input and Meetings. § 1002.20 (21)(a), F.S.	Appendix B Form Signed by parent.	School failed to generate the state required Appendix B, Parent Input and Meetings, letter for parents and obtain a parent signature (5 out of 5 IEPs reviewed).	FLVA will generate the state-required Appendix B, Parent Input & Meetings, letter for parents and will obtain parent signatures for all IEPs.	Jessica Duncan Farica King	9/2015-5/2016		

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location	5059	Grade Level	K-12	Site Visit Date	5/5/15
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Exceptional Student Education (ESE) On-Site Programmatic Review – Corrective Action Plan						
Requirements	Description	Deficiencies	Action Steps	Responsible Personnel	Completion Date	
	Parent signature faxed into the EasyIEP EasyFax system.	School failed to fax/paper clip required documents into the EasyIEP system, including but not limited to, evaluations, parent signatures, reports etc. (5 out of 5 IEPs reviewed).	FLVA will ensure all required documents are submitted into the EasyIEP system as outlined in Broward ESE training and also in the Broward ESE eBox Compliance Kit IEP Process sections.	Jessica Duncan Farica King (Charter School and Governing Board)	9/2015-5/2016	

English for Speakers of Other Languages (ESOL) On-Site Analysis – Corrective Action Plan						
Requirements	Description	Deficiencies	Action Steps	Responsible Personnel	Completion Date	
ESOL Program Identification/ Monitoring Rule 6A-6.0902, F.A.C. Requirements for Identification, Eligibility, and Programmatic Assessments of English Language Learners.	ESOL Program Entry: Was an aural/oral language proficiency assessment administered based on an answer of "yes" to any of the three home language survey questions within 20 days of registration? Was the KTEA administered? (if applicable)	School failed to follow procedures for placement. Parents answered affirmative to one of the questions of the Home Language Survey yet the student was not assessed. There is no evidence that the school is assessing students with the IPT per the approved district ELL Plan.	FLVA will follow appropriate procedures for placement for all affirmative answers to questions on the Home Language Survey. Students will be assessed using the IPT per the approved district ELL Plan. Ms. King/ Ms. Duncan have attended, and will continue to attend all ELL district meetings during the 2015-2016 school year to ensure compliance with the district ELL Plan.	Jessica Duncan Farica King (Charter School and Governing Board)	9/2015-5/2016	
	English Language Learner Student Education Plan (ELLSEP): Is a folder generated for each ELL placed in the program?	School failed to follow procedures for generating ELLSEP Folders. Two LY folders were requested but only one was made available.	FLVA will follow procedures for generating all ELL folders. All ELL folders will be made available upon request. Ms. King/Ms. Duncan are working closely with Ms. Chavez to create appropriate ELL SEP folders for all ELL students.	Jessica Duncan Farica King	9/2015-5/2016	
	Is the folder reviewed as needed and updated annually?	School failed to update ELL Plans annually.	FLVA will update all ELL plans annually.	Jessica Duncan Farica King	9/2015-5/2016	

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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English for Speakers of Other Languages (ESOL) On-Site Analysis - Corrective Action Plan

Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date
	(e.g., Current School Information, Instructional Program Recommendation, required documentation, etc.)				
	Does the information on the ELLSEP correlate to TERMS?	School failed to follow procedures for updating information on TERMS. PLAN Dates not updated, A10 panel provided in Dropbox does not match schedule on FLVA. Teachers of record do not match. Student EXIT information not updated on TERMS.	FLVA will follow procedures for updating information on TERMS. Plan dates, student schedules, and student exit information will be cross-reference to ensure match.	Freddie Gonzalez Farica King Jessica Duncan	9/2015-5/2016
	Are all ESOL eligible WFTE courses coded with Program 130 and an Instructional Model Code in TERMS?	School failed to follow procedures for accurately coding PRG 130 for WFTE. The one ELLSEP folder reviewed documented an ELL Committee for EXIT yet the student continued to receive funding for SY 14/15.	FLVA will follow procedures for accurately coding PRG 130 to ensure all exiting students are coded appropriately and do not receive funding when they are exited.	Freddie Gonzalez Jessica Duncan Farica King	9/2015-5/2016
	ELL Committee: Are the procedures for convening ELL Committee meetings followed?	School failed to follow procedures for convening required ELL committee meetings.	FLVA will follow procedures for convening required ELL committee meetings.	Jessica Duncan Farica King	9/2015-5/2016
	Annual Review: Are annual reviews completed on or within 30 days prior to the anniversary date?	School failed to follow procedures for annual reviews.	FLVA will follow all procedures for annual ELL reviews.	Jessica Duncan Farica King	9/2015-5/2016
	REEVALS: Are the appropriate assessments administered on or within 30 days prior to the anniversary	School failed to follow procedures for REEVALS.	FLVA will follow all procedures for ELL re-evaluations.	Jessica Duncan Farica King	9/2015-5/2016

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

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English for Speakers of Other Languages (ESOL) On-Site Analysis – Corrective Action Plan						
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date	
Assessments Rule 6A-1.09432, F.A.C. All students classified as English Language Learners (ELLs) must participate in district and statewide assessment program. There is no categorical exemption from participation in the statewide assessment program for ELLs. Rule 6A-6.09091, F.A.C. Accommodations of the Statewide Assessment Program Instruments and Procedures for English Language Learners.	dates for Extension of Services/REEVALS (Listening/Speaking/Reading/Writing)? Do all ELLs participate in state and district assessments? (e.g., BAT, CELLA, FCAT, FAIR)	School failed to follow procedures for administering assessments to update language classification for SY 14/15. School administered the Online IPT in SY 13/14 which is an assessment not approved for use in Broward County Public Schools.	FLVA will follow assessment administration procedures and will utilize assessments approved for use in Broward County Public Schools.	Jessica Duncan Farica King	9/2015-5/2016	
	Was there evidence of the allowable testing accommodations in the ELLSEP (e.g., Accommodations Checklist for Active ELLs)? Are these accommodations provided on a regular basis? Are teachers adapting assessments of students appropriately for the student's level of English language proficiency?	School failed to follow procedures for documenting testing accommodations.	FLVA will follow procedures for documenting testing accommodations.	Jessica Duncan Farica King	9/2015-5/2016	
	Does the grading of ELLs follow the recommendations set forth by the ESOL Department and School Board Policy 6000.1?	School failed to provide evidence of assessments adapted based on level of English Proficiency.	FLVA will provide evidence of adapted assessments based on level of English proficiency.	Jessica Duncan Farica King	9/2015-5/2016	
	Is the instruction provided to	School failed to follow procedures for documenting grades on TERMS. Students reviewed have grades for both the 4 th marking period and final grades entered although the term/school year is still in progress.	FLVA will follow procedures for documenting grades on TERMS. Student grades will be entered appropriately as the school year progresses, once each marking period, at the end of each marking period.	Freddie Gonzalez	9/2015-5/2016	
Differentiated Instruction	Is the instruction provided to	School failed to provide evidence	FLVA will utilize our DDI program, along with	Bridget White	9/2015-5/2016	

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

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English for Speakers of Other Languages (ESOL) On-Site Analysis - Corrective Action Plan							
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date		
Rule 6A-6.0904, F.A.C. Basic ESOL Instruction	ELLs driven by current data analysis?	that current ELL data drives instruction.	pertinent data from i-Ready, Achieve 3000, and other progress monitoring assessments to drive instruction for ELL students.	Des Floyd Jessica Duncan Farica King			
	Do the teachers know the classification codes for the ELLs in their classrooms?	School failed to provide evidence that teachers know their ELLs, what their Language Classifications are, and what those mean.	FLVA teachers will be made aware of all ELL students in their classes, understand what their Language Classifications are, and be provided with instruction on the meaning of those classifications through personal communication and also professional development training.	Jessica Duncan Farica King	9/2015-5/2016		
	Are appropriate activities based on the different levels of English language proficiency being implemented to differentiate instruction?	School failed to provide evidence that activities are differentiated based on English language proficiency.	FLVA teachers will differentiate instructional activities based on English Language proficiency as evidenced through sample lesson plans for grades K-11. Lesson plans demonstrating differentiation will be produced upon request throughout the school year.	Jessica Duncan Farica King Bridget White Des Floyd	9/2015-5/2016		
	Are ESOL instructional strategies documented and implemented for each lesson in the teacher's plan book?	School failed to follow procedures for documenting and implementing ESOL Strategies and accommodations.	FLVA will follow district procedures for documenting and implementing ESOL strategies and accommodations for all ELL students.	Jessica Duncan Farica King	9/2015-5/2016		
	Are English to heritage language dictionaries available and used as an instructional tool in all subject area classrooms?	School failed to provide evidence that students are provided the approved heritage language dictionary.	FLVA will provide evidence upon request that students are provided with approved heritage language dictionaries.	Jessica Duncan Farica King	9/2015-5/2016		

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
Section 1002.33(5)(b)(1)(a), Florida Statutes

English for Speakers of Other Languages (ESOL) On-Site Analysis – Corrective Action Plan						
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date	
Home-School Communications Rule 6A-6.0908, F.A.C. School-to-Home Communication. All written and oral communication between a school district's personnel and parents of current or former English Language Learners shall be in the parents' primary language or other mode of communication commonly used by the parents unless clearly not feasible.	Is all home school communication (e.g., Code of Student Conduct, Report Cards, and Interim Reports) provided in the parent's heritage language when feasible? Are registration forms provided in student's home language?	School failed to provide evidence that parents receive reports cards in their heritage language. School failed to provide evidence that parents receive registration in the home language.	FLVA will provide evidence upon request that parents will receive report cards in their heritage language during the 2015-2016 school year. FLVA will provide evidence upon request that parents are able to receive registration information in their home language.	Freddie Gonzalez Jessica Duncan Farica King	9/2015-5/2016	
Attendance to District's Departments Meetings and Trainings	Evidence that ESOL contact attends all district department meetings and trainings as scheduled. District staff will review sign-in attendance records from District meetings prior to this on-site programmatic review.	School failed to attend the ESOL Contact meetings for SY 14/15.	Ms. King/Ms. Duncan have been attending all ESOL Contact meetings to date thus far for the 2015-2016 school year and will continue to represent FLVA at all upcoming meetings for the remainder of the 2015-2016 school year.	Jessica Duncan Farica King	9/2015-5/2016	

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
Section 1002.33(5)(b)(1)(a), Florida Statutes

Response to Intervention (RtI) On-Site Programmatic Review – Corrective Action Plan						
Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date	
<p>Multi-Tiered Systems of Support (MTSS)/ Response to Intervention (RtI) model guides school Collaborative Problem Solving Teams (CPST) in implementing a tiered approach to instructional delivery that includes fidelity of instruction using a comprehensive core reading program and interventions of increasingly higher intensity, based on the differentiated needs of students. This multi-tiered approach to providing services and interventions to students at increasing levels of intensity is based on progress monitoring and data analysis. Problem solving at all tier levels is a cyclical process that involves analyzing the data to identify the problem and determine why the problem is occurring, implementing an instructional plan to target specific differentiated student needs, and evaluating the plan to ensure effective response to the intervention.</p> <p>RtI Committee? Y <input type="checkbox"/> N <input type="checkbox"/></p> <p>RtI Formal Process? Y <input type="checkbox"/> N <input type="checkbox"/></p>		<p>School failed to provide evidence that there is a process for student placement based on assessment data, and the needs and deficiencies of students. Reading course placement is not ability/data-based, but rather subject-area and mixed-grade based.</p>	<p>FLVA has established an MTSS Team and has developed a solid MTSS/RtI model. The FLVA MTSS team is currently in the process of completing intensive professional development to remediate any deficiencies that have existed in the past. MTSS documents, policies, and procedures are in place for the 2015-2016 school year to ensure placement based on assessment data and the needs/deficiencies of students. Ms. King has also established contact with Mrs. Opal Bennet from the Broward MTSS office over the summer and will utilize Mrs. Bennet's expertise to guide our MTSS process over the course of the coming school year.</p> <p>Placement procedures for reading courses are now based on student data and the needs/deficiencies of the student. Students are no longer randomly assigned to mixed grade or subject-area reading courses. Students are now served in ability groupings based upon student need/student data. Students are served in a variety of ways during the reading instruction period (including small group instruction) where materials from the district approved Reading Plan are utilized.</p>	<p>Kelvin Pruitt Des Floyd Bridget White Farica King</p>	9/2015-5/2016	

2014-2015 CHARTER SCHOOL ON-SITE PROGRAMMATIC REVIEW

School	Florida Virtual Academy at Broward	Location#	5059	Grade Level	K-12	Site Visit Date	5/5/15
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The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
Section 1002.33(5)(b)(1)(a), Florida Statutes

Instructional Staff On-Site Programmatic Review - Corrective Action Plan

Requirements	Description	Deficiencies	Action Steps Provide procedures for correction of each area noted as noncompliant	Responsible Personnel Monitoring and Implementation (Charter School and Governing Board)	Completion Date
Certification of Instructional Personnel § 1002.33(12)(f), F.S. Teachers employed by or under contract to a charter school shall be certified as required by Chapter 1012	Evidence that instructional personnel are certified by the Florida Department of Education in appropriate field	School failed to provide a list of secondary reading teachers to determine if all are reading endorsement/certified as required by FL DOE.	FLVA will provide a list of secondary reading teachers, as well as copies of teacher certificates for teacher(s) to ensure confirmation of reading endorsement/certification for all FLVA secondary reading teachers.	Des Floyd	9/2015
	Evidence that parents have been notified in writing when a teacher is assigned teaching duties outside the field in which the teacher is certified	School failed to provide evidence that parents have been notified in writing when a teacher is assigned teaching duties outside the field in which the teacher is certified.	FLVA will provide evidence of out-of-field written notification distributed to parents of children with teachers assigned teaching duties outside the field in which the teacher is certified.	Karen Parker Heather Hall	10/2015
§ 1012.42(2), F.S. Out of Field Waivers	Evidence that Out of Field waivers have been approved by governing board and signed	School failed to provide evidence that Out of Field waivers have been approved by governing board and signed.	FLVA will provide evidence of governing board approval/signatures for all out-of-field teacher waivers.	Karen Parker Heather Hall	11/2015

From: Les Gordon <gordonmft@yahoo.com>
Sent: Wednesday, December 16, 2015 4:33 PM
To: Patrick Reilly
Subject: Re: South Florida Virtual Charter School
Attachments: Broward county Auditor.pdf

Mr. Reilly,

Please find attached all the emails and the letter of proposal. My conversations with Niyoka were on the phone and I have no emails pertaining to them. I cannot say for certain that this is every conversation or email that I had, however, it is all that I could find.

The letter of proposal that is attached refers to phase I of a two phase project that the board had discussed with me. The second phase to occur next summer would have been to develop teaching modules with Peter Lane. I was to receive \$9,000.00 for phase I and if that worked out, an additional \$9,000.00 for phase II. As I said earlier, no money was received on my part since I was unable to complete my tasks.

I hope this assists you in your inquiry. Please feel free to call me at [REDACTED] if you require any additional information.

Sincerely,

Les Gordon, MA, LMFT

On Wednesday, December 16, 2015 1:28 PM, Patrick Reilly <patreilly@browardschools.com> wrote:

Thank you for speaking with me earlier today. As we discussed, I would like copies of the Letter of Intent and any emails or correspondence you had with K12, South Florida Virtual Charter School or United Schools Association.

Thank you,

Patrick Reilly, Chief Auditor
Office of the Chief Auditor
Office (754) 321-2400
Fax (754) 321-2719
patreilly@browardschools.com

Under Florida law, email addresses are public records. Your email address and the contents of any email sent to the sender of this communication will be released in response to any request for public records, except as excluded by F.S. 119.071, 1002.22(3) (d) [student records], or any other law of the State of Florida. If you do not want your email address to be released as part of any public records request, do not send email to this address, rather contact this office by phone or in writing.

Les M. Gordon & Associates, Inc.

Proposal to: Philip E. Morgaman, Chairman and Chief Executive Officer, United Schools Association, Inc.

Dear Phil,

With this correspondence I am confirming my intent to provide consulting services to The Board of United Schools Association, Inc. As we have discussed I will devote 6 days to gather information regarding the following:

1. The process by which the Florida Virtual Charter School operates and functions as a viable school entity in Florida.
2. The admission and enrollment process will be evaluated with regard to its effectiveness.
3. Analysis of student demographic and statistical information to determine the characteristics of the students who currently attend.
4. Analysis of student academic information and test scores to determine the overall academic performance of the school.
5. Analysis of the cost and methods of customer acquisition.
6. Analysis of customer satisfaction feedback.

I will spend one or two days in Jacksonville discussing these issues with school management. I would greatly appreciate if you could gather the following data prior to my visit.

1. Copies of completed enrollment and admission forms and/or spreadsheets with that information on each and every student application since the schools inception.
2. All standardized academic end of year achievement test scores.
3. Any and all completed customer satisfaction inventories.
4. Company organizational chart.

My intent is to visit the home office in early July, integrate the data and interviews and formulate a report with specific conclusions and recommendations due to the Board by the end of July.

My understanding of financial remuneration for my consulting is: \$1500 per diem (6 day max, unless an extension is granted). Travel expenses: estimated at \$750 or less for air travel, 1 night at hotel and car rental in Jacksonville.

I look forward to this endeavor and will keep you abreast of my ongoing progress. Thank you for this opportunity to serve the board.

Sincerely,

Les M. Gordon

Les M. Gordon, MA; LMFT; FACAAP

Educational Consultant

Subject: Fw: Les Gordon / Phil Morgaman
From: Linda Sharf (mccamnanny@yahoo.com)
To: gordonmft@yahoo.com;
Date: Monday, July 27, 2015 10:27 AM

On Monday, July 27, 2015 7:17 AM, "Parker, Karen" <karparker@k12.com> wrote:

Linda,

Please let Mr. Gordon know that I will work to have someone in the office this week and next to accommodate him. We are under intense time restraints right now. If you would be so kind as to provide his list of items he needs again I would appreciate it.

Best,

Karen

From: Linda Sharf [mailto:mccamnanny@yahoo.com]
Sent: Monday, July 06, 2015 11:03 AM
To: Parker, Karen
Subject: Re: Les Gordon / Phil Morgaman

Karen,

Welcome back. Of course we can schedule then. If it is easier for you, maybe you uld like to assign someone else so you can be free. It's your choice. Please advise what the best day and time would be good and I will clear Les's schedule to accommodate you.

Thank you
Linda

On Monday, July 6, 2015 10:55 AM, "Parker, Karen" <karparker@k12.com> wrote:

Hi Linda,

My schedule for July is pretty intense. I will be traveling a lot for the next 3 weeks, and am rarely in the office. Is there any way we can schedules the week of August 3rd?

Kindest regards,

Karen Parker

From: Linda Sharf [mailto:mccamnanny@yahoo.com]
Sent: Wednesday, July 01, 2015 12:55 PM
To: Parker, Karen
Subject: Les Gordon / Phil Morgaman

Good Morning Karen,

My name is Linda Sharf and I am Les Gordon's office manager. I understand that you are on vacation and I hope it is going well.

Upon your return, I would like to set up one or two days when Les can come up to you and either meet with you directly or someone of your choosing. He will be conducting an overview of the program.

Thank you for your time and enjoy the rest of your much deserved (I'm sure) time off.

Linda
954-464-4455

Subject: Follow-up (NOT Sent to Karen)
From: Les Gordon (gordonmft@yahoo.com)
To: geniza.madden@morgaman.com; morgaman@aol.com;
Date: Friday, July 24, 2015 3:45 PM

Phil, please advise, I don't want to send anything too inflammatory...

Karen,

Hi, this is Les Gordon contacting you directly instead of through my office manager, Linda. Unfortunately, I find myself in a predicament. As you know, I have been contracted by the board for a very limited period of time to conduct some research and offer specific suggestions. At the end of June, you indicated to Mr. Morgaman that you would be returning to work around July 8th or so after a vacation and a National Head of Schools Summit. You asked for a few days after you returned to gather the information that had been requested in June. In an email dated July 7, I indicated that August was impossible for me. Now it appears that your first opening to meet with me is the second week of August. Most importantly, I've not received any of the information that was requested in June. As a result, the time I had set aside in July for this project has been useless. I had also requested a designee in lieu of meeting with you as a possible solution to the scheduling problem, but received no follow-up. Do you have any solutions to this? I thank you in advance for any accommodations you can make.

Les Gordon

Subject: Project
From: Les (gordonmft@yahoo.com)
To: morgaman@aol.com;
Date: Wednesday, July 29, 2015 8:08 PM

Phil,

Well, unfortunately we've reached the end of the road for me. I've taken two weeks off and enjoyed some great time with family in Fargo.

I can't speak authoritatively about the breakdown that occurred. Only to say that I'm immensely disappointed to let you down. I especially wanted to exceed your expectations, which might have led to other special assignments down the road.

Meeting with Karen in person was a small part of my plans and would have only been beneficial if I had had the data analyzed. I could have spent most of the last week doing that. In fact, I had planned on my son-in-law doing some special analytics because he teaches research analysis to grad students.

However, on Monday, Karen asked if I would be kind enough to send her the list of what I required. This was originally requested of her by you in late June.

I don't know what's going on there, can't even speculate.

Be well and see you soon,

Les

Sent from TypeMail

Subject: Addendum
From: Les (gordonmft@yahoo.com)
To: morgaman@aol.com;
Date: Thursday, July 30, 2015 3:55 PM

Phil, if you do receive the information we requested from Karen, forward to me and I'll do the best I can to crunch the numbers.

Les

Sent from TypeMail

Subject: Project
From: Les (gordonmft@yahoo.com)
To: karparker@k12.com; morgaman@aol.com; geniza@morgaman.com;
Date: Friday, July 31, 2015 4:26 PM

Karen,

Just wanted to make you aware that I can no longer be involved in this project due to time constraints. I'm sorry we didn't get to meet and work together. Perhaps another time.

Best regards,

Les Gordon

Sent from TypeMail



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[Community and Support](#)
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FLVA Broward Board and Operation Policies

Florida Virtual Academy at Broward is governed by a Board comprised of community leaders. Public notice of our board meetings and posted board documents can be found [here](#).

Current FLVA Broward Board Members

Philip E. Morgaman, Chairman and Chief Executive Officer

Mr. Morgaman, age 56, serves as chairman and chief executive officer of United Schools Association, Inc. He is responsible for school relationships, staff and the general operation of the organization within the United States. A native of Florida, he has been married for over 30 years and is the father of three adult children. An attorney at law, specializing in corporate finance and transactional law, he has been a successful serial entrepreneur since 1984. Mr. Morgaman received his bachelor's degree in accounting and management science from Duke University in 1977 and his juris doctor's degree from the University of Florida in 1980.

In 1995, Mr. Morgaman and his investment trusts acquired the North Broward School and Lighthouse Point Academy in South Florida. He served as the school's president, growing it to include 19 campuses, 10 schools (including five boarding schools) in Switzerland, the United States and Mexico with over 13,000 students, and 3,500 staff. Mr. Morgaman sold his interests in the Company in 2009. During this same period, Mr. Morgaman was appointed by the Governor of Florida to serve as chairman of the state's Post-Secondary Education Planning Commission and its Council for Education Policy, Research and Improvement, the state commissions that proposed the state's long term education plan.

Susan Goldstein, Treasurer and Parent Liaison

Susan Goldstein is President of Susan Goldstein Consulting, Inc., providing governmental and legislative affairs services. She is a former member of the Florida House of Representatives representing West Broward. Her priorities in her House committee assignments, including the Education Choice and Innovation Committee, were children with autism, foster children, and the developmentally disabled. She sponsored numerous pieces of legislation resulting in laws which benefit those Florida citizens. She is founder/editor of *Floridians for the Future of the Developmentally Disabled*, and has provided service to many other community services organizations. Her accomplishments have been recognized with many awards including the Parental Choice in Education Award from the Coalition of McKay Scholarship Schools in addition to awards from the Center for Autism and Related Disabilities at the University of Miami, Hispanic Unity of Florida, Chamber of Commerce, and the YMCA.

Rafael Quintero

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Rafael C. Quintero serves Scheck Hillel Community School as Chief Operating Officer and brings over 12 years of experience in developing PK–Grade 12 schools in the U.S. and abroad in for profit and not for profit education. Mr. Quintero has expertise in developing greater efficiencies in operations as well as greater value in the school's program and staff. He manages Hillel's infrastructure departments as well as Development and admissions. His extensive career includes serving as CFO of North Broward Preparatory School, integration lead in Meritas Schools mergers and acquisition team and senior member of Kaplan Virtual Education. Mr. Quintero also runs a consulting business, helping greenfield schools organize and launch. Prior to entering the education industry, Mr. Quintero had post in several Fortune 50 companies including DirecTV and W.R. Grace. Rafael, a Florida native, holds a Master and Bachelors degree in International Finance from the University of Miami.

Geniza Madden (Geniza@unitedschoolsassociation.com)

Ms. Madden serves as Assistant to the Chairman as well as Registrar of United Schools Association, Inc. she is responsible for the processing of applications for international students applying to schools in the network; preparing and distributing enrollment documents; collection of completed and supplemental documents; student, group and corporate travel arrangements; assisting Residential Directors with preparation of dormitories prior to student arrival; maintenance of corporate records; and more. Prior to that, Ms. Madden was with North Broward Preparatory Schools/Meritas where she organized and prepared for monthly Board meetings; responsible for taking and maintaining minutes and notes from meeting; student, group, and corporate travel arrangements; maintenance of corporate records; preparation and execution of special events; special projects and more.

FLVA Broward Board Meetings

Upcoming FLVA Broward Board Meeting

October 22, 2015 at 10:00AM

Teleconference: 1-888-824-5783, Participant Passcode: 81639953

Upcoming Board Meeting Agenda

Agenda

Board Meeting Schedule

Past Board Meeting Minutes

- [October 5, 2015](#)
- [September 29, 2015](#)
- [September 8, 2015](#)
- [June 18, 2015](#)
- [May 22, 2015](#)
- [April 22, 2015](#)
- [February 17, 2015](#)

- [November 14, 2014](#)
- [September 24, 2014](#)
- [September 30, 2014](#)
- [June 18, 2014](#)
- [March 17, 2014](#)
- [August 12, 2013](#)
- [April 24, 2013](#)

Operations Documents

[FLVA Parent Student Handbook](#)

[Pupil Progression Plan](#)

Financial Reports

[FY14-15 Budget](#)

Annual Financial Audit

[FY 13-14 Financial Audit](#)

FY14-15 Financial Audit: No reports are available at this time.

Statistical Reports

[Florida Department of Education School Grades Calculations Guide](#)

[Broward FY13-14 Grades](#)



Florida Virtual Academies
9143 Phillips Highway, Suite 590
Jacksonville, FL 32256
Phone: 855.748.4737

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SECTION IV

FULL TEXT OF SFVCS BOARD'S RESPONSES



January 15, 2016

Patrick Reilly, Chief Auditor
Office of the Chief Auditor
Broward County Public Schools
600 SE Third Avenue
Fort Lauderdale FL 33301

Dear Mr. Reilly:

We have reviewed the report of your audit of the operations of the South Florida Virtual Charter School Board, Inc. dated January, 2016. We appreciate the time and effort that has gone into its preparation and the diligence shown by you and your staff in addressing the issues therein. Based upon our review and that of our board's counsel, while we do not disagree with the recommendations in the report, we would like to highlight that it is our position that the actions by the SFVCSB board described in your report regarding the pass through transaction and the part time engagement of staff support from Dane G. Taylor did not constitute a violation of Florida Statutes since no goods or services were purchased or sold and no property sold or leased between SFVCSB and USA nor was USA subject to regulation of, nor doing business with, the SFVCSB, and Mr. Taylor was at all times not a related party to SFVCSB or any of its directors. Put simply, USA tried to help out the SFVCSB without compensation of any kind and contracting Mr. Taylor in his spare time as a staffing resource was an attempt to address lack of continuity and follow through at our contractor and to provide us staff support independent of them. The fact that contractor used those things to impugn the board speaks for itself.

All of the members of the governing board and those who have worked with us have struggled to attempt to improve the schools for the benefit of the children there. Fairness requires that there be no inference of misconduct from that record when there was, in fact, no misconduct. The reward for a volunteer board trying diligently to reign in a non performing contractor making millions of dollars from these schools cannot be allowing unwarranted innuendo disparaging our actions by that contractor to stand uncorrected.

As said above, we do not disagree with the recommendations going forward. We will convene the Board to review the Audit Report and act upon its recommendations.

Sincerely yours,

SOUTH FLORIDA VIRTUAL CHARTER SCHOOL BOARDS, INC.

Philip E. Morgaman
Chairman

SECTION V

APPENDIX

ABBREVIATIONS

Broward Charter School	Florida Virtual Academy at Broward County
Charter School	Florida Virtual Academy at Broward County
CSM/S Office	Charter Schools Monitoring/Support Office
ELL	English Language Learner
ELLSEP	English Language Learner Student Education Plan
ESE	Exceptional Student Education
ESOL	English for Speakers of Other Languages
ESP	Educational Service Provider
FEFP	Florida Education Finance Program
FLDOE	Florida Department of Education
FLVA	Florida Virtual Academies
F.S.	Florida Statutes
FTE	Full-Time Equivalent
HOS	Head of School
IEP	Individual Education Plan
K12	K12 Florida LLC
OCA	Office of the Chief Auditor
RTI	Response to Intervention
SBBC	School Board of Broward County
SFVCS Board	South Florida Virtual Charter School Board
USA	United Schools Association, Inc.