

Exceptional Student Education (ESE) Services – Funding and Resource Usage

Internal Audit Report
January 14, 2022



**Orange County
Public Schools**

Internal Audit

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EXECUTIVE SUMMARY

Why We Did This Audit

This audit was requested by School Board. The objective of this audit was to document, analyze, and evaluate current practices related to funding and resource usage of the ESE program and determine opportunities for improvement.

Observations and Conclusion

Our overall conclusion is that the district's practices for allocating and expending resources of the ESE Program are consistent, equitable, and operating effectively and efficiently.

Key points from this audit include:

- Funding specifically dedicated to the ESE Program does not cover all program costs.
- Direct funding for the ESE Program comes primarily from two state sources – FEFP weighted student funding and the ESE Guarantee Fund, and one federal source – IDEA.
- For every dollar of ESE-dedicated funding received, the district spent an additional 53¢ in FY 2021 and 64¢ in FY 2020 from other General Fund resources on ESE Program costs.
- More than 99% of ESE Guarantee funds and 86% IDEA funds are used for ESE staff salaries and benefits.
- The district spent \$12,608 per ESE student in FY 2021 and \$12,789 in FY 2020 (General Fund resources only).
- When IDEA funding is included, the district spent \$14,307 and \$14,460 per ESE student in FYs 2021 and 2020, respectively.
- Funding for school budgets is allocated based on formulas established and approved by Teaching and Learning.

- The district's site-based budget model allocates money to schools where principals make spending decisions with the approval of the area superintendents.
- The budget is built on projected enrollment (FTE) with adjustments as actual enrollment is determined.
- The budget process, which spans a year, starts months before the school year and initially uses enrollment projections based on the FTE from October of the previous school year.
- The district's ESE Department supports schools in providing services to ESE students.

Results and Recommendations

We noted no material deficiencies in this audit, and made six recommendations related to procedural matters and business decisions as noted below:

- Use the workflow approval process within the iBuy system to document approvals of the ESE department for non-personnel costs paid from the ESE Guarantee Fund
- Submit Out-of-Field status notifications for teachers of gifted students who do not have the gifted endorsement
- Evaluate whether substitutes in ESE classrooms should be required to have additional training or ESE certifications
- Obtain and retain Parent Consent Forms for Medicaid claims
- Periodically evaluate the cost vs. benefit of using a contracted Medicaid claims administrator compared to the service offered at no cost by the Florida DOE
- Periodically re-evaluate whether to bill students' private insurance for eligible services

BACKGROUND:

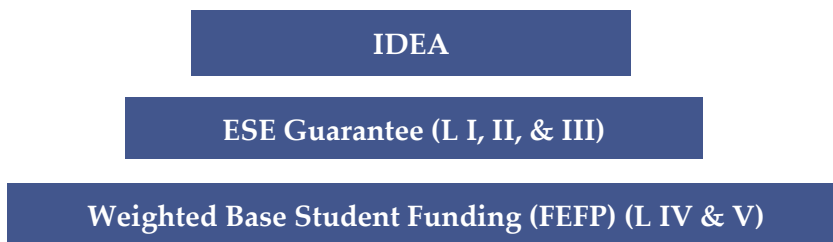
Schools provide Exceptional Student Education (ESE) services to students with physical, emotional, behavioral, and learning disabilities and gifted students. The ESE program includes services provided in the schools and services and support from the district’s ESE staff.

Funding Dedicated to ESE

The ESE program is funded primarily by the Florida Education Finance Program (FEFP) including supplemental ESE Guarantee funds. Students receiving ESE services are categorized into five levels according to the services needed to meet their educational needs. Funding for the first three levels, requiring fewer services, is included in the ESE Guarantee allocation. The two higher levels, requiring more extensive services, are included in base student funding with extra weighting. The amount of funding received increases as the level of services increases. These dollars are over and above the base funding provided for the education of all district students.

The district also receives funding for its ESE program from the Individuals with Disabilities Education Act (IDEA) and a small amount (less than \$2 million) from the Florida Diagnostic and Learning Resources System/Florida Inclusion Network (FLDRS/FIN). IDEA is a federal grant that provides funding for the education of children with disabilities. FDLRS/FIN provides diagnostic and instructional support services to Florida school districts’ ESE programs and families of students with exceptionalities.

One could picture the funding provided for the ESE program in layers with base student funding as the foundation as depicted below.



The ESE program serves students with physical, emotional, behavioral and learning disabilities and gifted students.

State funding dedicated to ESE includes weighted per student funding in the FEFP for Level IV and V students and the ESE Guarantee allocation for Levels I, II and III.

ESE funding is over and above base funding provided for all students.

The IDEA grant is federal funding dedicated to ESE.

FLDRS/FIN is a small amount of additional funding for the ESE Program.

Layers of funding for ESE students.

Funds dedicated to ESE are not sufficient to cover the district’s cost of serving ESE students. Every year, the district’s General Fund provides additional funds needed to pay the costs of the ESE program.

Site-Based Budget Management

The district manages budgets at the site level meaning that each school is allocated funding to operate, but the exact plan of expenditures is decided by the school principal with the approval of the appropriate area superintendent. Principals are instructed about permitted uses of different fund types and they must meet class size requirements, but otherwise, they decide how to staff and operate their school. Funds allocated do not equal budget spent because most principals hold funds in reserve in case actual enrollment falls short of projected enrollment.

Budget Model

The budget model is developed by the district’s Office of Management and Budget (OMB). It tracks the funding allocated to each school and the expenditure choices made by principals. Generally, funds are allocated based on the number of students (FTE) projected to attend with some allocations made on a per-school basis. Allocation amounts and breakpoints are determined by Teaching and Learning through the Deputy Superintendent’s office.

For example, every elementary school receives a funding allocation for one media specialist (a per-school allocation). Elementary schools also receive allocations for art, music and PE teachers based on the number of students at the school with increased funding allocated for schools with larger enrollment (a per-student allocation). The school principal decides how many of such teachers to hire with that funding. They could hire more or fewer than the number allocated. Appendix 2 shows the elementary schools formulas used for 2020-2021.

Budget Timeline and Process

The budget process is conducted over one year – from October to September – and it all begins with FTE.

FTE is tracked by a survey procedure, with surveys taken periodically during the school year to capture FTE count. In the budget cycle, the

ESE-dedicated funding is insufficient to cover the cost of the ESE Program.

Site-based budget management allows principals to decide how to spend allocated funds.

The budget model allocates funding as determined by Teaching and Learning.

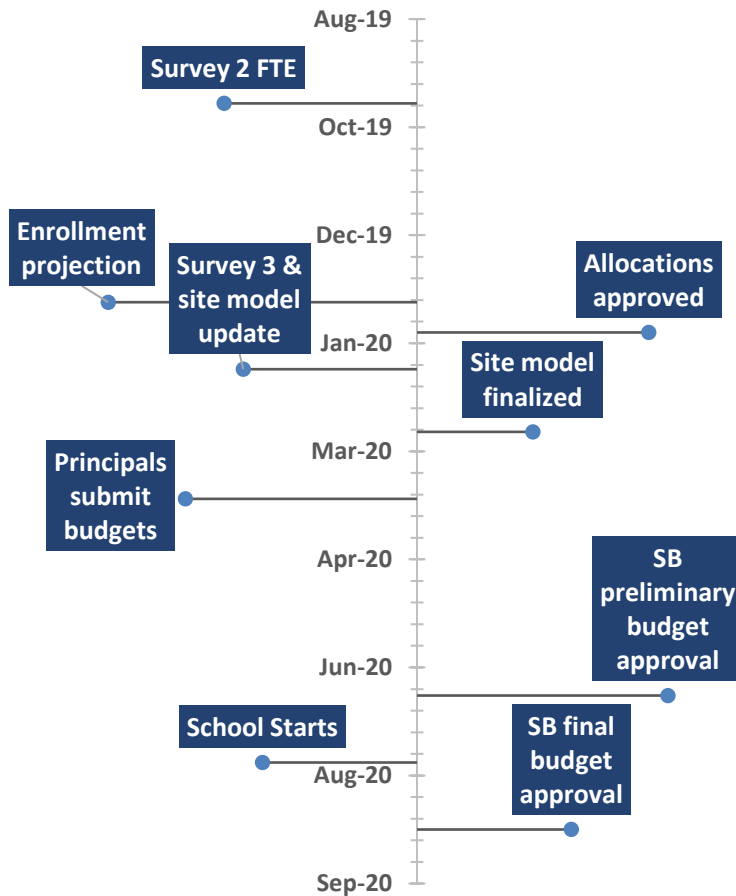
Funds may be allocated based on a per school, per student, or per group of students basis.

School budgets are based on FTE.

district’s initial FTE projections are based on the previous school year’s Survey 2, taken in October. In the January before the school year is budgeted, enrollment projections for the upcoming school year are prepared by the Student Enrollment Department. In March, Survey 3 FTE results are received and enrollment projections are updated. These FTE projections are the basis for the budget model for the next year.

Allocations used in the budget model are approved in February or March. The model is finalized in March and principals submit their budgets in April. These become the basis for the district’s budget for the upcoming school year which is preliminarily approved by the School Board in July. School begins in August and the final budget is adopted by the School Board in September. This timeline and the key dates are depicted below:

Budget Timeline - FY 2020-2021



Source: District Office of Management and Budget

The budget is built on FTE enrollment projections.

Budgets for a school year that begins in August are submitted in April.

The budget timeline covers a one-year period beginning in October of the prior school year.

District ESE Department

While direct services to students are provided in the schools, the district's ESE Department supports the schools by:

- Monitoring, evaluating and supporting school-based ESE staff
- Ensuring ESE staff have the necessary resources
- Providing ESE staff training opportunities
- Implementing, supervising and monitoring ESE policies and procedures
- Providing parent support and training
- Providing support and resources to school stakeholders
- Providing supplemental resources to schools

OBJECTIVE, SCOPE AND METHODOLOGY:

Objective

The objective of this audit was to document, analyze, and evaluate current practices related to funding and resource usage of the ESE program and determine opportunities for improvement.

Scope

The scope of the audit included district and school funding and usage of financial resources for fiscal years 2020 and 2021.

Methodology

We conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors and included such procedures as deemed necessary to provide reasonable assurance regarding the audit objective. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

We are required to note any material deficiencies in accordance with Florida Statutes, School Board Policy and sound business practices. No

The district ESE Department supports schools in their education of ESE students.

Our objective was accomplished with analysis and evaluation.

We focused primarily on fiscal years 2021 and 2020.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing.

material deficiencies were noted in this audit. We also offer suggestions to improve controls or operational efficiency and effectiveness.

Our detailed audit methodology is described in Appendix 1.

RESULTS AND RECOMMENDATIONS:

Overall Conclusion

Our overall conclusion is that the district’s practices for allocating and expending resources of the ESE Program are consistent, equitable, and operating effectively and efficiently.

We noted areas of opportunity for improvements in approval procedures for non-personnel expenditures from ESE Guarantee (less than 1% of total expenditures), out-of-field notifications for teachers of gifted students who do not have gifted endorsements and Parent Consent Forms for Medicaid claims. We also recommend periodic evaluation of the cost vs. benefit of third-party Medicaid claims administration services and whether to bill private insurance for services to students, and we recommend the district evaluate whether substitutes in ESE classrooms should be required to have additional ESE training or ESE certifications.

Results and Analysis

Management of Funds at Schools:

We reviewed the following documents related to the FY 2020-2021 school year for a sample of 40 district schools:

- Submitted/ initial school budget
- Enrollment recalculation budget
- Budget status summary report (SAP ZF404)

We also conducted detailed interviews with the principals of 39 of those schools regarding the budget decisions they made and the factors influencing those decisions. While every school has its unique characteristics and needs, we heard several common points noted below in no particular order.

We did not note any material deficiencies.

ESE resources are allocated and spent in a consistent and equitable manner.

We recommend six improvements.

We reviewed and discussed with principals the budgets at 40 schools.

Although each school is unique, we noted commonalities.

Sometimes positions are split-funded.

- Because unused ESE Guarantee funds don't carry over, these sources were expended on ESE program costs before any general school budget funds were used.
- IDEA money is greatly desired.
- When positions are only partially funded, the principal has to decide how to get the work done and often accomplishes this by sharing these responsibilities with another position. For example, an ESE school staffing specialist may be is funded at .5. Some principals combine these duties with another position, often the ESOL Compliance Specialist.
- Principals adhere strictly to required staffing ratios for ESE units.
- Principals state that designated funding for ESE is insufficient.
- Principals seldom use ESE-dedicated fund sources for anything other than staff.
- Principals are responsive to requests for materials and supplies from ESE teachers, typically using the school's general budget for those items.
- Recalculations can be difficult and painful, even in cases when a small decrease in enrollment occurs, if the decrease causes the school to drop below a funding allocation breakpoint. Reductions in ESE-dedicated funding due to recalculation are often covered by the school's general budget.
- Many principals indicated a preference for ESE students to be mainstreamed, when appropriate based on their IEP, with push-in support facilitation services provided by ESE certified teachers.

ESE Program Costs:

Any educational program, ESE included, includes direct and indirect costs that support the program. Direct costs are those associated with services provided by instructional staff based on student contact time. Indirect costs include those at the school level (building costs, school administration, custodial services, instructional materials, etc.) and those at the district level (district staff that supports all schools/students, professional development and training, etc.). The Florida Department of Education (FLDOE) requires all Florida school districts to report their costs and other data in a standard format each year. FLDOE then processes that data through its Program Cost Reporting system to determine, on a standard, unified basis, the cost of educational programs on a per-student basis for each district and the state as a whole.

Principals adhere strictly to required staffing ratios for ESE units.

Principals use most of their ESE-dedicated funding for staff.

Recalculations can be difficult and painful.

ESE Program costs include direct and indirect costs.

The Florida DOE prepares program cost reports for all Florida districts.

We compared OCPS' ESE Program Costs to the ESE-dedicated funding received and noted that the district provides significant additional resources to its ESE program beyond the resources provided.

Table 1 – ESE Funding Compared to Program Costs Per ESE Student

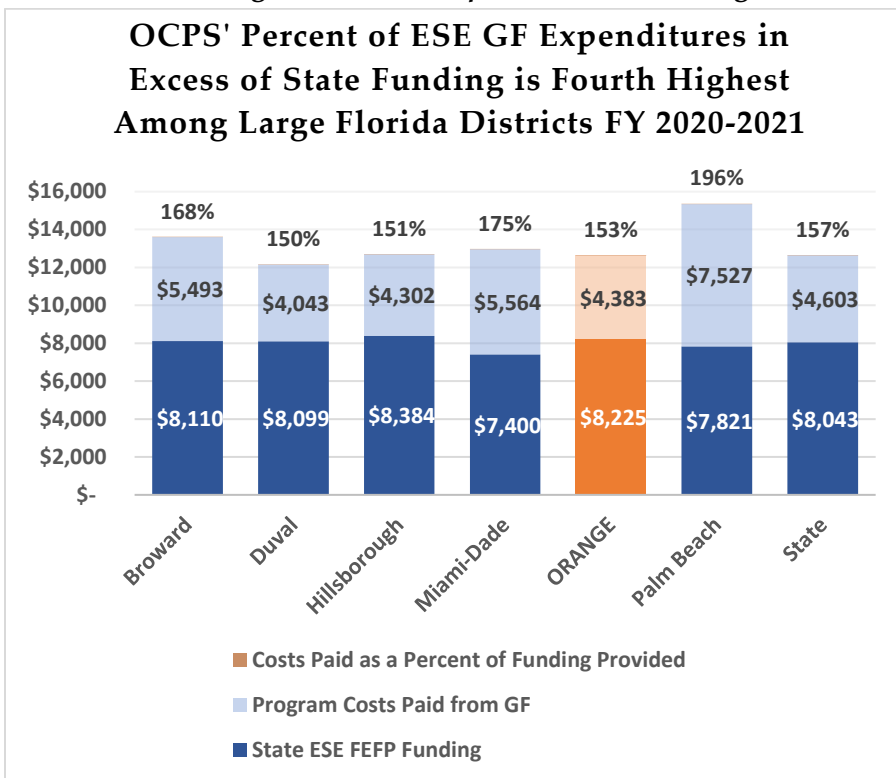
	FY 2020-2021	FY 2019-2020
ESE-Dedicated Funding	\$8,225	\$7,816
ESE Program Costs	\$12,608	\$12,789
Excess of Costs Beyond Funding	\$4,383	\$4,973
Percent of Costs Provided (excess comes from General Fund)	153%	164%

Source: FLDOE Office of Funding and Financial Reporting

For every \$1 of ESE funding received, the district spent an additional 53¢ in FY 2021 and an additional 64¢ in FY 2020.

We also compared OCPS's ESE Program Costs to other large districts and the state. First, we compared our percent of additional funding to others. Those results are in the next two graphs.

Chart 1 – ESE Program Costs Compared to ESE Funding – 2020-2021



Source: FLDOE Office of Funding and Financial Reporting

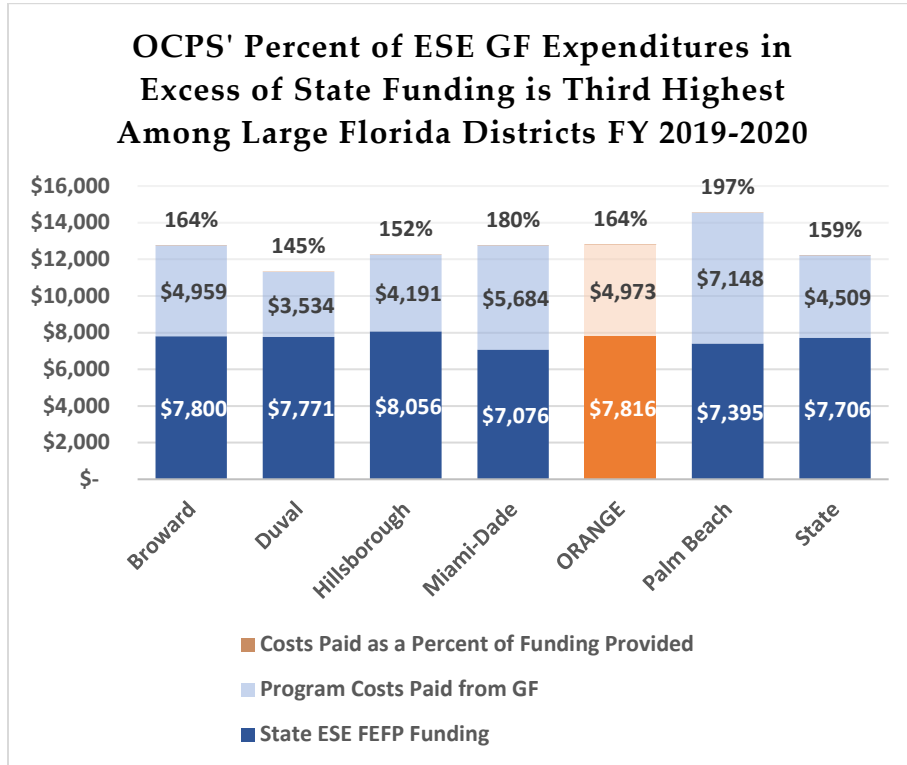
OCPS provides significant additional resources to ESE beyond the dedicated ESE funding provided by the state.

For every dollar of ESE funding received, the district spent another 53 cents in FY 2021 and 64 cents in FY 2020.

In FY 2021 the district was fourth highest among large Florida districts in the amount of additional funding provided to its ESE Program.

At 153%, in the fiscal year, 2020-2021 Orange was below both the state average of 157% and the average of the large districts of 166%.

Chart 2 – ESE Program Costs Compared to ESE Funding – 2019-2020



Source: FLDOE Office of Funding and Financial Reporting

In the fiscal year 2019-2020, Orange was above the state average of 159% and just below the average of large districts of 167%.

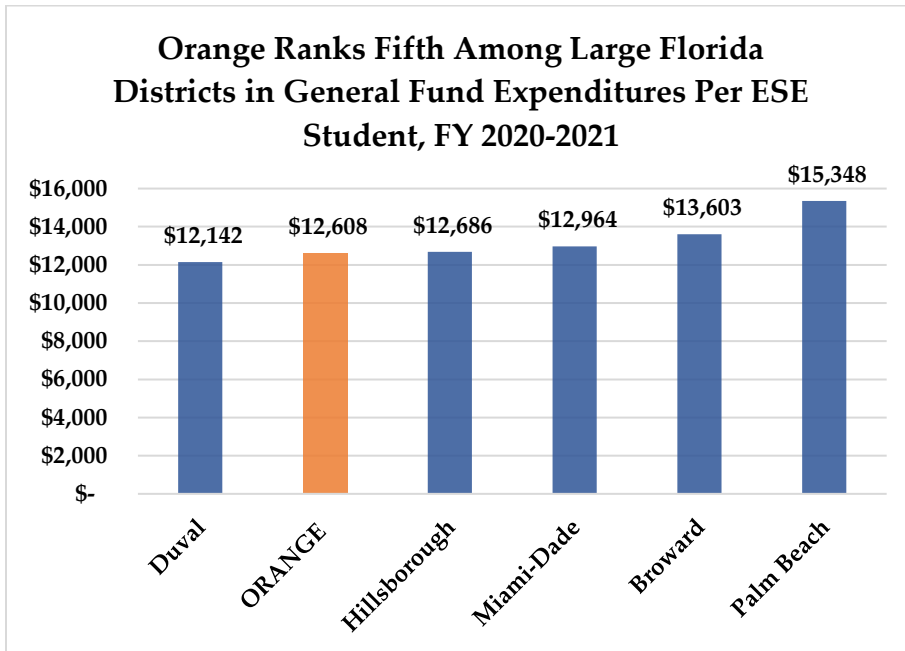
OCPS’ additional funding is comparable to most large Florida districts. Palm Beach and Miami-Dade districts receive additional state funding due to their higher cost of living. When additional ESE Program costs are covered from the General Fund, one could infer that the overage pulls money from the rest of the student population.

Evaluating costs across multiple districts on a per-student basis can improve comparability over a focus on total dollars due to variations in overall budget size. Theoretically, a student with the same IEP in different districts should receive the same services with comparable costs, except for variations in staff salary levels. The next two charts compare OCPS to other large districts on a per-ESE-student basis.

In FY 2020 the district was third highest among large Florida districts in the amount of additional funding provided to its ESE Program.

It is helpful to evaluate data on a per-student basis for better comparability among districts.

Chart 3 – ESE Program Costs Per Student – 2020-2021

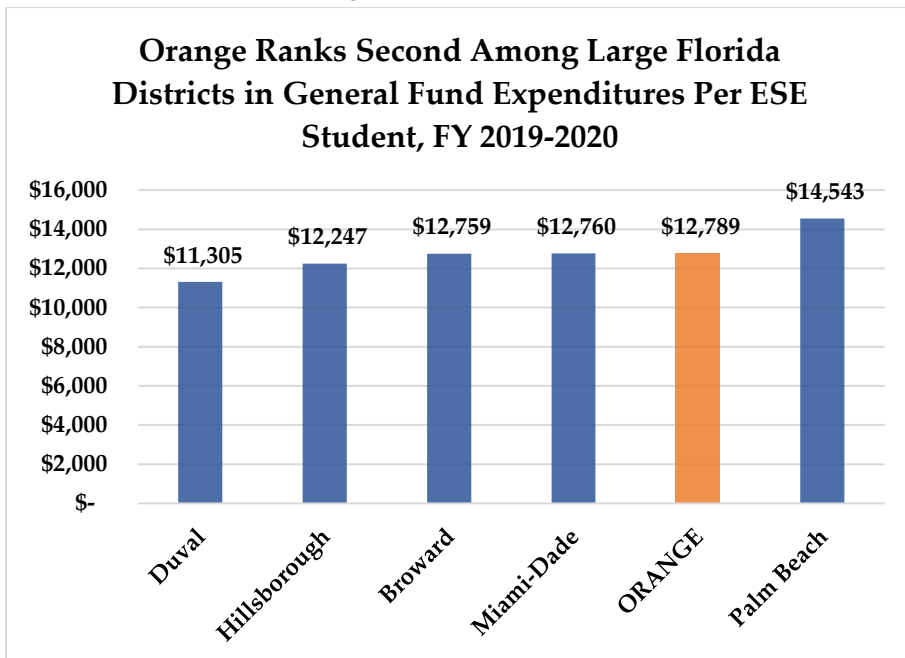


Source: FLDOE Office of Funding and Financial Reporting

At \$12,608 per ESE student, in 2020-2021 Orange was \$617 below the average of \$13,225 for large districts and \$38 below the state’s cost of \$12,646.

The district spent \$12,608 of General Fund resources per ESE student in FY 2021.

Chart 4 – ESE Program Costs Per Student – 2019-2020



Source: FLDOE Office of Funding and Financial Reporting

The district spent \$12,789 of General Fund resources per ESE student in FY 2020.

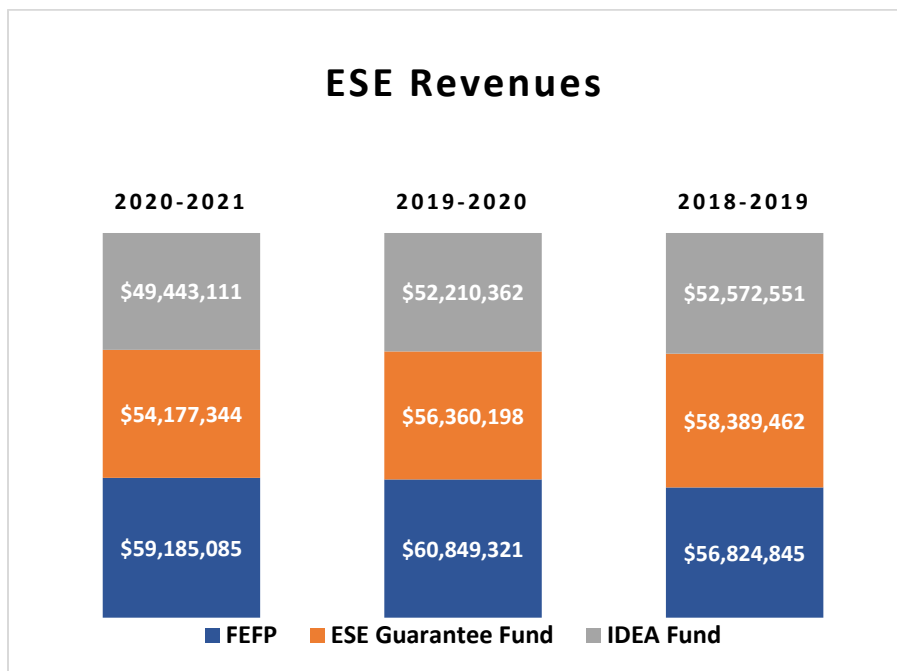
At \$12,789 per ESE student, in 2019-2020 Orange was \$55 above the average of \$12,734 for the large districts and \$574 above the state’s cost of \$12,215.

IDEA is recorded in a Special Revenue Fund, not the General Fund. When Special Revenue Funds (IDEA) are included, Orange spent \$14,307 and \$14,460 per ESE student in fiscal years 2020-2021 and 2019-2020, respectively. These expenditure levels rank OCPS fourth highest among large districts in 2020-2021 and second highest in 2019-2020.

ESE Fund Sources:

As noted previously, dedicated ESE funding comes primarily from three sources: FEFP, ESE Guarantee and IDEA. Chart 5 displays the revenue recorded by the district for the past three years.

Chart 5 - ESE Revenues



Source: SAP

In the next sections, we will discuss each of these three fund sources in more detail with an analysis of how they are expended.

IDEA Resources are not included in the General Fund. When they are added, the district spent \$14,307 and \$14,460 per ESE student in fiscal years 2021 and 2020, respectively.

The three primary fund sources dedicated to ESE Program costs totaled \$162,805,540, \$169,419,881 and \$167,786,858 in each of the last three years.

These amounts include funding for charter schools’ ESE programs and for support for private school ESE students.

❖ ESE Guarantee Fund

The ESE Guarantee Fund is state-provided supplemental funding for ESE students in Levels I, II and III categories of disability. It is calculated on a per-student basis using weights associated with each ESE level. The district allocates ESE Guarantee funding to schools with ESE students in one or more of these levels and to departments that serve ESE students in more than one school (psychologists, occupational and physical therapists, speech and language therapists, hearing, etc.). The specific positions which may be paid from ESE Guarantee funds are approved by the ESE Executive Director and the Senior Director of OMB. Because unused ESE Guarantee Funds do not roll over to the next year, schools spend this money before using their general budget. Over the past three years, more than 99% of ESE Guarantee funds were used for salaries and benefits as noted below.

- FY 2020-2021 99.75%
- FY 2019-2020 99.15%
- FY 2018-2019 99.34%

Non-personnel expenditures from ESE Guarantee Fund are approved via exchanges of emails and not through the district’s procurement workflow process (iBuy). Sending emails back and forth from requesters to approvers and then to the Office of Management and Budget is inefficient and makes it difficult to track and confirm approvals. *Minor risk*

We recommend using the district’s procurement workflow process (iBuy) for approval of expenditures funded by the ESE Guarantee fund. Approvals in iBuy are captured and preserved in the workflow itself without the need for emails.

Chart 6 below shows the district’s ESE Guarantee Fund revenues and expenditures, excluding charter schools, for the last three fiscal years.

ESE Guarantee funding is supplemental to FEFP for students in Levels I, II and III.

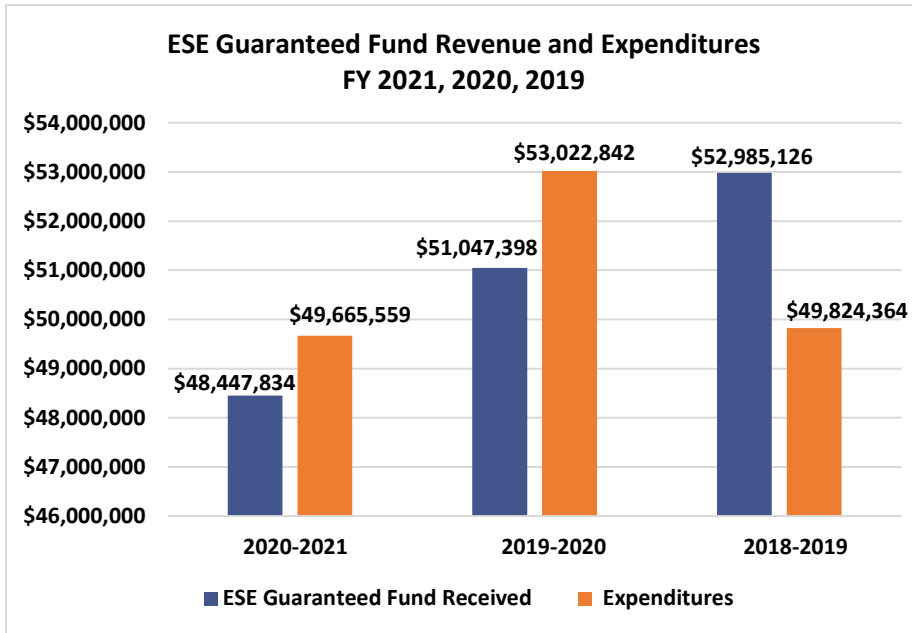
Unused ESE Guarantee funds do not rollover to the next year.

The district uses almost all its ESE Guarantee funding for employee salaries and benefits.

Approvals for non-personnel expenditures are tracked in email exchanges.

We recommend using the existing workflow documentation provided in iBuy for approvals.

Chart 6 – ESE Guarantee Fund and Expenditures



Source: OMB and SAP-ZF404 Budget Status Summary Reports

ESE Guarantee revenues vary from year to year based on Legislative appropriations and FTE for ESE Levels I, II and III. Over the past three years, the district’s ESE Level I, II, and III FTE has decreased from 29,374.20 FTE to 27,281.32 FTE (7%). Over that same period, ESE Guarantee revenues have decreased 8.5%.

A small amount of ESE Guarantee funding was used for substitute services for absent ESE teachers whose positions are funded from that same source. We inquired whether Kelly Services’ substitutes have ESE endorsements and according to Kelly Services, only six current substitutes have an active ESE certification and the majority of the substitutes do not have ESE credentials. Kelly further stated that there was no requirement for substitute teachers to have ESE credentials when the district and Kelly Services entered into their contract in 2006. The district does not require any substitutes to have teaching certificates.

We recommend the district evaluate whether substitutes in ESE classrooms should be required to have additional ESE training or ESE certifications. *Moderate risk*

In years where expenditures exceed revenues, the excess was paid from the General Fund.

ESE Guarantee revenues vary from year to year based on Legislative appropriations and ESE FTE by level.

Kelly Services substitutes are not required to have ESE credentials, even when substituting in ESE classrooms and only six current substitutes have such credentials. The district does not require any substitutes to have teaching certificates.

Analysis of Positions Funded by ESE Guarantee

Position titles do not always reflect the role performed. For example, a first-grade teacher with a gifted endorsement who teaches gifted students will have a position titled, “First Grade Teacher,” a non-ESE position. In such cases, schools may request split-funding for the position between the ESE Guarantee Fund and another source (usually the school’s General Fund budget) based on the amount of time the teacher spends with ESE/gifted students. The ESE Department approves, and OMB and the school determine the split funding percentage and amounts.

We analyzed all the positions paid from the ESE Guarantee Fund noting position titles, number of teachers, any split-funding, and whether non-ESE position teachers had an ESE/gifted endorsement. We identified 14 non-ESE teachers (nine in 2019-2020 and five in 2020-2021) funded partially by the ESE Guarantee Fund, who have ESE/gifted students in their class and do not have ESE/gifted endorsements. One of these teachers is included in both fiscal years. These positions were approved by the ESE department.

Per Florida Administrative Code Rule 6A-4.01791 *Specialization Requirements for the Gifted Endorsement*, the gifted endorsement is required if a teacher is providing gifted services.

According to Florida Statute 1012.42 *Teachers teaching out of field*, teachers would be considered “out of field” if they are not gifted endorsed and would need to be working towards the gifted endorsement. There is no required deadline to complete the endorsement courses. The district should notify parents of all students of “out of field” teachers in writing.

We reviewed School Board personnel agendas and noted no “Out of Field” status notifications for these 13 teachers. We recommend schools submit “Out of Field” status notifications for those teachers of gifted students as required by Section 1012.42 F.S. *Moderate risk*

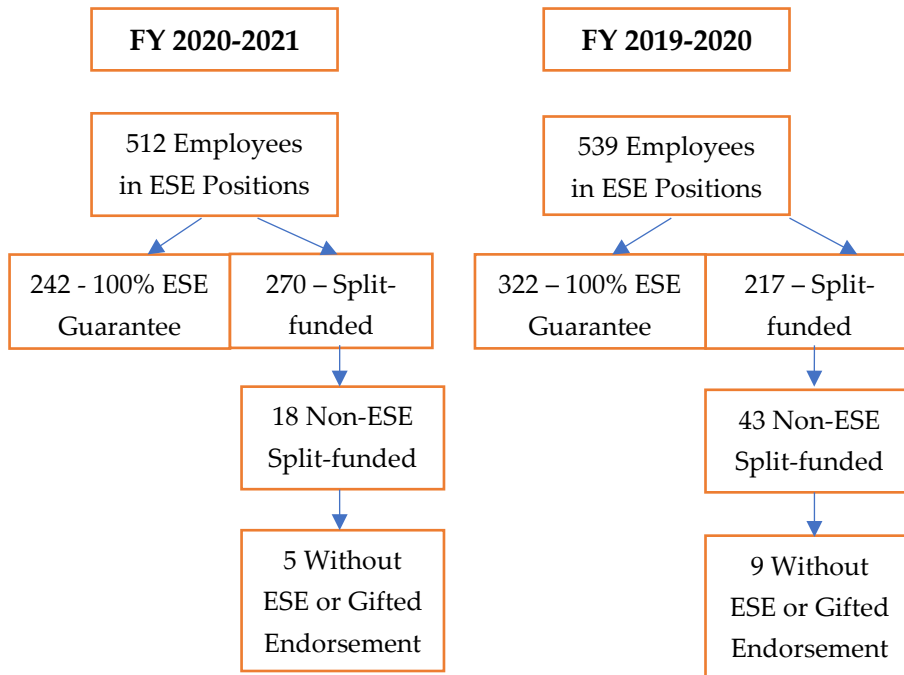
Split-funding occurs when a teacher serves both ESE and non-ESE students as in the case of teachers of gifted students.

We noted 14 instances in our sample where the school did not provide required out-of-field notifications for teachers of gifted students who did not have a gifted endorsement.

We recommend out-of-field notifications be reported for all teachers of gifted students who do not have the gifted endorsement.

The chart below shows the positions funded by the ESE Guarantee Fund and other funds, and the total number of teachers in those positions.

Chart 7 – Positions Funded by ESE Guarantee Fund



Source: SAP-ZH028 Staffing Position FY 2020 and 2021 and Audit Data Analytics Tool

❖ **The Individuals with Disabilities Education Act (IDEA)**

IDEA is a federal grant providing funding for the education of children with disabilities and requires, as a condition for the receipt of such funds, that states agree to provide a Free Appropriate Public Education (FAPE) to every eligible child. IDEA grants must be used to pay only the excess costs of providing FAPE to children with disabilities.

OCPS uses IDEA grant funds to support children with disabilities in the following ways:

- Contracted services for physical and occupational therapy, hearing interpreters, and mental health counseling;
- Personnel to support classrooms and campuses, including bus monitors when called for in a student IEP;
- Purchases of classroom equipment and supplies for new exceptional units;

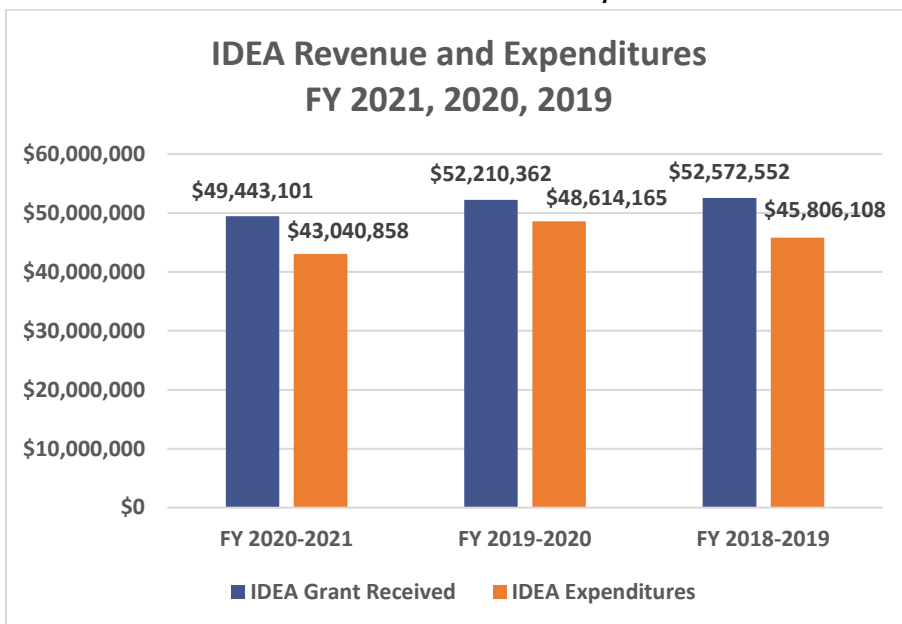
The ESE Guarantee Fund paid for all or part of the salaries of 512 employees in FY 2021 and 539 employees in FY 2020.

IDEA is federal money for the excess costs of educating children with disabilities.

- Purchase and repair of assistive technology equipment for ESE students; and,
- Resource materials and training for teachers, parents, and paraprofessionals working with students with disabilities.

IDEA grant funds may be used for both district and school-level expenses. The following graph shows IDEA revenues and expenditures for the last three fiscal years. Unspent balances of IDEA funds are rolled over and re-allocated in the next fiscal year.

Chart 8 – IDEA Revenue and Expenditures



Source: ESE Department and SAP-ZF404 Budget Status Summary Report

We analyzed ESE expenditures funded by the IDEA grant for fiscal years 2021, 2020 and 2019. More than 86% of the expenditures were for salaries and benefits of school and district-based personnel. Other expenditures included substitute services, supplies and instructional materials.

Analysis of Positions Funded by IDEA

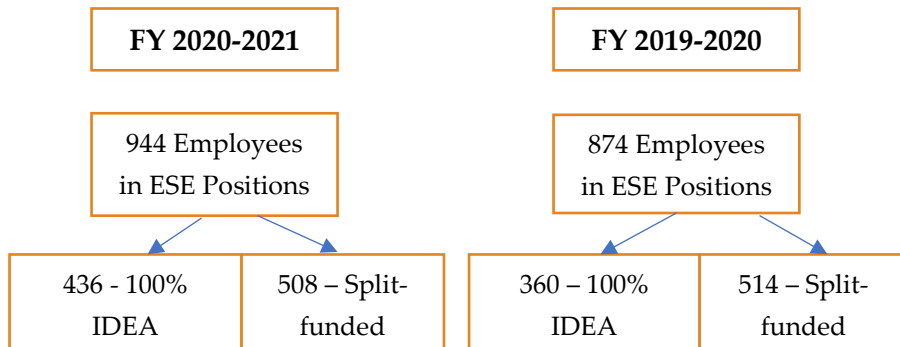
We reviewed position titles and the number of teachers/employees funded from IDEA for fiscal years 2020 and 2021. All positions were related to ESE and funded by the IDEA grant and other funds (for split-funded).

IDEA grant funds may be used for both district and school level expenses.

Unused balances of IDEA funds are rolled over and re-allocated in the next fiscal year.

More than 86% of IDEA expenditures for the past three years were for salaries and benefits.

Chart 9 - Analysis of Positions Funded by IDEA Grant



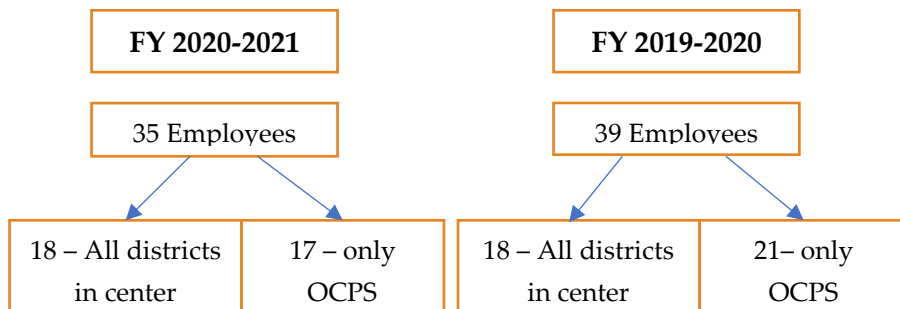
Source: SAP-ZH028 Staffing Position FY 2020 and 2021 and Audit Data Analytics Tool

❖ **Florida Diagnostic and Learning Resources System (FDLRS) and Florida Inclusion Network (FIN):**

FDLRS/FIN provides diagnostic and instructional support services to exceptional student education programs and families of students with exceptionalities statewide. The FDLRS Action Resource Center is part of a statewide network of nineteen Associate Centers and each center is tied to a school district as a fiscal agent. OCPS is the fiscal agent for the center including seven central Florida school districts (Florida Virtual, Lake, Orange, Osceola, Seminole, Sumter, and United Cerebral Palsy (UCP)).

Funding for FDLRS/FIN has been approximately \$1.8 million annually over the past three fiscal years. This funding is spent to benefit all the districts in the center, OCPS being one. Positions paid from FDLRS/FIN are described in the chart below.

Chart 10 - Analysis of Positions Funded by FDLRS/FIN



Source: SAP-ZH028 Staffing Position FY 2020 and 2021

The IDEA Fund paid for all or part of the salaries of 944 employees in FY 2021 and 874 employees in FY 2020.

FDLRS/FIN resources total less than \$2 million annually and serve seven Central Florida districts, including OCPS.

FDLRS/FIN paid for 17 employees who work only for OCPS in FY 2021 and 21 employees who work only for OCPS in FY 2020.

ESE Department:

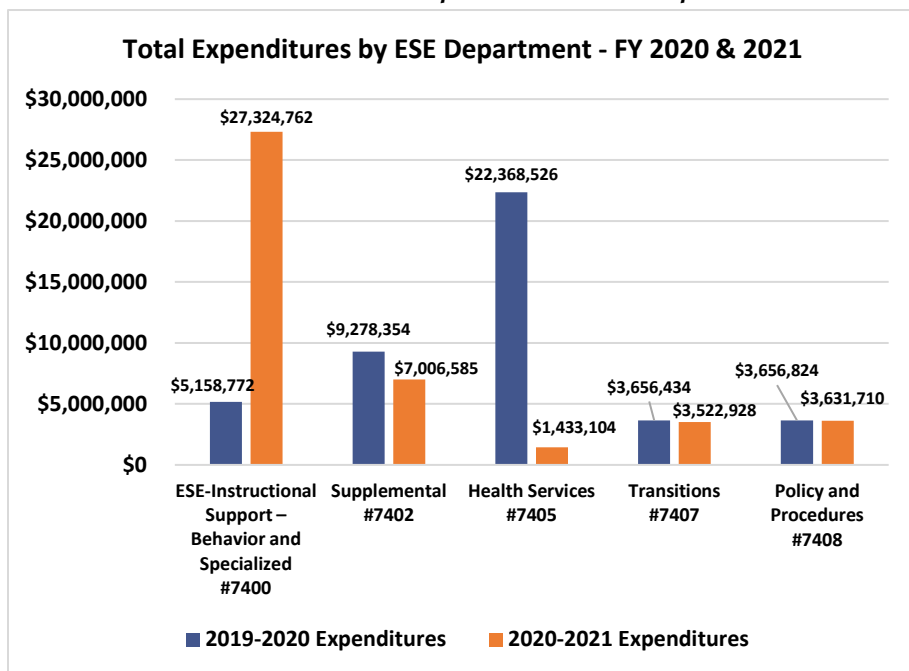
District-level ESE services are provided by divisions of the overall ESE department as listed below:

- Instructional Support – Behavior and Specialized
- Supplemental Services
- Health Services
- Transition Services
- Policy and Procedures

We analyzed the departments’ total expenditures for fiscal years 2020 and 2021. The majority of the expenditures were for salaries and benefits for ESE personnel, and other expenditures such as in-county travel for ESE staff who serve multiple schools, supplies, instructional materials, other purchased services, and dues and fees.

Graph 6 shows total expenditures by each ESE department for fiscal years 2020 and 2021.

Chart 11 – OCPS ESE Department Total Expenditures



Source: ESE Department and SAP-ZF404 Budget Status Summary Report

Effective July 1, 2020, about 250 Specialized Services employees were moved to #7400 as part of a reorganization within the ESE Department

The ESE Department provides support to schools, students and families.

ESE Department expenditures are primarily for ESE staff.

As of July 1, 2020, 250 employees were moved from Instructional Support to Health Services as part of a reorganization to better address needs during the pandemic.

to allow ESE Health Services to focus on responding to increased needs due to the pandemic. That is why there are large differences in FY 2020 and FY 2021 for #7400 and #7405.

**Medicaid:
Revenue**

The district receives revenue from Medicaid for eligible services to eligible students, many of whom are ESE students, for transportation of eligible students to locations for services and administrative activities associated with those services.

Medicaid revenue is recorded in the district’s General Fund. Table 2 shows Medicaid claim activity for the last three fiscal years.

Table 2 –Medicaid Revenue Data - FY 2019 to 2021

Remittance Advice Fiscal Year	Number of Claims Submitted	Number of Claims Approved	Federal Financing Portion Received by OPCS	Administrative Claims Reimbursements Received
2019	95,726	73,052	\$503,711	\$8,261,295
2020	150,967	114,545	\$821,583	\$7,396,538
2021	109,919	80,985	\$713,108	\$9,036,176

Source: Sivic Solutions Group (SSG)

Medicaid Process and Tracking System

The district contracts with a third party, Sivic Solutions Group (SSG) to file, process and track Medicaid claims. The district paid SSG \$196,000 and \$150,000 in fiscal years 2021 and 2020, respectively.

The Florida Department of Education (FLDOE) provides a Medicaid Claim Tracking System to districts at no cost. ESE management informed us that SSG significantly increased the amount of funds reimbursed compared to the FLDOE program although they provided no data to support this position.

We recommend periodically evaluating the cost vs. benefit of the contracted service as compared to the free service offered by the FLDOE. *Minor risk*

The district receives revenue from Medicaid for eligible services provided to students.

Over the past three years the district has received more than \$26.7 million in Medicaid revenues.

The district contracts with a third-party claims administrator.

FLDOE offers a no cost Medicaid Claim Tracking System.

Sampling

We tested Medicaid activities by verifying quarterly revenue transactions, Medicaid remittances, documentation of services provided to students, and documentation of Parent Consent for Medicaid claims.

Our sample for Parent Consent Forms included 13 students. Forms were initially available for only nine of those students. Two students' forms were obtained from the parents after our request and two could not be located. *Significant risk*

To be compliant with *CFR Section 300.154 (d)(2) Methods of Ensuring Services*, we recommend completed and signed Parent Consent Forms be obtained before submitting Medicaid claims to the third party and the Parent Consent Form should be retained at school and/or district or a centralized location from where school and/or district staff can retrieve forms easily when needed.

Medicaid Data Security with the Third-Party Claims Administrator

Because they access and store student data, we verified that SSG has a recent *System and Organization Controls (SOC2) Type II* report dated November 30, 2020. A SOC2 report certifies the security, processing integrity, availability, confidentiality, the privacy of hosted systems and the electronic data that vendors store or process, and the vendor's ability to deliver a safe, secure, and compliant cloud offering and is required by the district's ITS Standard 006.

Medicaid and Private Insurance

We asked the ESE Executive Director and the Sr. Administrator of Supplemental Services whether the district has considered billing private insurance companies for qualified services provided to students with an IEP. The district does not submit claims to the students' private insurance and management was not aware that school districts could get reimbursements from private insurance companies.

The two services should be compared and evaluated.

Thirteen students' Parent Consent Forms could not be located during our test.

The third-party claims administrator had a SOC2 report in accordance with sound business practice and the district's ITS Standard 006.

The district does not file claims with students' private insurance companies.

ESE management indicated it would not be feasible to bill private insurance because OCPS would need to be approved by each private insurance provider which could be a lengthy and time-consuming process.

We researched this matter by reviewing American Speech-Language-Hearing Association (ASHA), Florida Statutes, and IDEA Part B, CFR 300.152. We learned that districts may bill private insurance in certain circumstances.

We surveyed several Florida school districts and several member districts of the *Council of the Great City of Schools* whether their districts bill private insurance or had evaluated the cost vs. benefits of such an arrangement. None of the school districts who responded to our survey submit claims to private insurance companies.

We also asked the FLDOE Medicaid in Schools Consultant (FLDOE Medicaid Consultant) regarding Medicaid bills to students' private insurance companies. The FLDOE Medicaid Consultant indicated that identifying a student's private insurance and creating a process to submit private insurance claims and receive denials before billing Medicaid have been identified as barriers for school districts in seeking reimbursement. In addition, less than 10% of Medicaid recipients also have private health insurance, so third-party liability does not apply to most Medicaid-eligible students.

For these reasons, we believe the district's decision not to bill private insurance companies is appropriate, but we recommend periodic re-evaluation of the matter to see if a different decision would be reached if circumstances and requirements should change. *Minor risk*

We wish to thank the ESE Executive Director and staff, Director of Finance and Staff, Senior Director of Office of Management and Budget and staff, HR Certification, and Sivic Solutions Group staff for their cooperation and assistance with this audit.

Although billing private insurance companies for services provided to students is permitted, none of the schools surveyed do so.

We agree with the district's decision not to bill private insurance, but recommend periodic re-evaluation of it for continued validity.

We received excellent cooperation and assistance with this audit.

Appendix 1

Audit Methodology

- Reviewed Florida Statutes:
 - *1010.20(3) Program Expenditure Requirements*
 - *1011.62 (1)(e) Funds for Operation of Schools*
 - *1411 to 1419 IDEA Grants - Assistance for Education of All Children with Disabilities*
 - *1006.03 Diagnostic and Learning Resource Centers*
 - *1003.57(1)(f) Exceptional Students Instruction*
- Reviewed Florida Administrative Code:
 - *6A-4.01791 Specialization Requirements for the Gifted Endorsement*
- Reviewed Code of Federal Regulations:
 - *Section 300.154 (d)(2) Methods of Ensuring Services*
- Discussions with ESE Executive Director and staff, Senior Director of Office of Management & Budget (OMB) and staff;
- Reviewed and analyzed expenditures funded by:
 - ESE Guarantee fund for the last three fiscal years 2019, 2020, 2021
 - IDEA (IDEA, IDEA Private, and IDEA Preschool Incentives) for the last two fiscal years 2020 and 2021
 - FDLRS/FIN (FDLRS-Federal, FDLRS-State, FDLRS-Pre-K, FDLRS-FIN) for the last two fiscal years 2020 and 2021;
- Verified usage of district’s procurement workflow process (iBuy) and verified purposes of expenditures, supporting documents, and approvals through SAP *ZF404 Budget Summary Status Report*, Purchase Orders (POs), invoices, and receipts of selected sample of:
 - expenditures from fiscal years 2019 to 2021 from the ESE Guarantee fund
 - expenditures from fiscal years 2020 and 2021 from the IDEA grant
 - expenditures from fiscal years 2020 to 2021 from FDLRS/FIN funds
 - expenditures of the ESE Departments from fiscal years 2020 and 2021
- Inquired of ESE staff regarding tracking of expenditures funded by IDEA;
- Reviewed and analyzed split funded positions and verified staffing positions funded by ESE Guarantee, IDEA, and FDLRS/FIN funds through SAP *ZH028 Staffing Positions Report*;
- Verified ESE teachers’ endorsements on Florida Department of Education (FLDOE) website and SAP *PA20 Human Resources (HR) Master Data* for non-ESE positions which were split-funded by ESE Guarantee fund, and School Board Agenda for “out of field” status where applicable;
- Reviewee Medicaid documents such as:
 - Medicaid Handbook
 - Medicaid processes

- Medicaid revenue from SAP *FBL3N General Ledger Line Item Display*
- Student Registration Forms
- Parent Consent Form and Release of Personally Identifiable Information Form
- Medicaid Service Detail and Denial report dated 11/2019
- Medicaid Certified School Match Program (MCSMP) monitoring instrument
- MCSMP audit report 3/22/2021, recommendations, and implementation
- *Agency for Health Care Administration (AHCA) Provider Remittance Advice (PRA)*
- Medicaid Tracking System provided by Sivic Solutions Group
- Vendor Contract
- Vendor invoices
- Tested a sample of Medicaid transactions:
 - Two quarterly School District Administration Claiming (SDAC) revenue transactions for fiscal year 2019 and 2020
 - Twelve Medicaid posting transactions for fiscal years 2019 and 2020
 - Registered Nurse (RN) services provided to students during November 2019
 - Completed and signed Parent Consent for Release of Personally Identifiable Information Forms
- Discussions with ESE Medicaid staff, IT staff, and the third-party vendor who manages billing and collecting Medicaid claims regarding Medicaid process and transfer of student data;

Appendix 2

Orange County Public Schools FY21 Elementary School Formulas

FTE Programs	Classroom Teacher Allocation Ratio	FEFP State Factors Weights
K-3 Basic 101	FTE/17.42	1.120
4-5 Basic 102	FTE/21.70	1.000
6-8 Basic 102	FTE/19.67	1.000
ESOL K-3	FTE/16.50	1.181
ESOL 4-8	FTE/18.10	1.181
ESE 111	FTE/17.42	1.120
ESE 112	FTE/21.70	1.000
ESE - 254 PK-8	FTE/5.32	3.637
ESE - 255 PK-8	FTE/3.76	5.587
Paraprofessional Allocations		
Basic Paras	1.0 Para if WFTE < 300 1.5 Para if WFTE < 600 2.5 Para if WFTE < 900 3.0 Para if WFTE < 1200 3.5 Para if WFTE < 1500 4.0 Para if WFTE >= 1500	
ESE Paraprofessionals	1 for each 254 teacher 1 for each 255 teacher	
ESOL Paraprofessionals	1 for each language with 15 or more students	
School Size Allocations		
Super Small Schools	2 Additional Teachers if WFTE < 255.5	
Small Schools	1 Additional Teachers if WFTE < 340.66	
Special Areas Allocations		
Art, Music, & PE (< 800 WFTE, 1)	3.0 Special Area Teachers	

Art, Music, & PE (< 1021 WFTE, 1.5)	4.5 Special Area Teachers
Art, Music, & PE (< 1201 WFTE, 2)	6.0 Special Area Teachers
Art, Music, & PE (< 1500 WFTE, 2.5)	7.5 Special Area Teachers
Art, Music, & PE (> 1500 WFTE, 3)	9.0 Special Area Teachers

Instructional Support

Guidance Counselors	1 per school
Media Specialist	1 per school
	1 per school if WFTE >1310
Media Clerk I (186 days / 7 hrs.)	
PASS Teacher (K-8)	1 per school
School Health Assistant	1 per school
	0.5 allocation per school
Tech Support Rep	0.5 allocation if ESE % of WFTE > = 18.0% and < = 24.5%
Staffing Specialist	1.0 allocation if ESE % of WFTE > = 24.5%
	1.0 allocation if Total ESE WFTE > = 205
ESOL Compliance Specialist	0.0 allocation if LY+LF+LP < 125
	0.5 allocation if LY+LF+LP < 300
	1.0 allocation if LY+LF+LP < 650
	1.5 allocation if LY+LF+LP > = 650

School Administration

Principal	1 per school
	1 allocation if WFTE > 657
Assistant Principals	2 allocations if WFTE > 1187
	3 allocations if WFTE > 1600
Dean (K-8)	1 per school
Registrar	1 per school
School Secretary/Bookkeeper	1 per school

School Secretary (K-8)	1 per school
School Bookkeeper (K-8)	1 per school
	1.0 Clerk if WFTE <
School Clerk	525.8
	Add'l clerk per ratio of WFTE / 525.8
	<1500,3.5, <1650,4.5, 5.5
	1.0 AR clerk if WFTE >
Attendance Records Clerk	900

Safety & Security

SRO	1 per school
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Materials

Classroom Supplies- WFTE x \$31.70 plus	\$30,000 if WFTE < 250
	\$25,000 if WFTE < 340
	\$20,000 if WFTE < 540
	\$15,000 if WFTE < 620

Copier Costs Allocation - WFTE x \$9.00
 Custodial Materials - WFTE x \$9.36
 Administration Materials - WFTE x \$11.54
 (minimum \$5,000
 Athletics Transportation -\$5000 plus Grades 6-8
 WFTE x \$0.13
 ESE Guarantee - \$1,283 per 111 + 112 FTE
 Media Materials - FTE x \$3.40
 Instructional Materials / Textbooks - FTE x \$10.00
 Music - as per the Music Department
 Technology Materials - \$5000 plus FTE x \$13.03
 Tech Repair - FTE x \$3.62 plus Adjustment based
 on Age of Building
 No Tech Repair for Digital 1-2-1 Device Schools
 Digital Device Repair - FTE x \$7.58
 SAI - \$2,000,000 divided by number of Level I
 and 2 Readers at ES
 SRI - \$2,000,000 divided by number of below
 level BOY student data at ES
 Substitutes - 10 days per allocated classroom
 teachers, media specialist, 254 and 255 paras.
 nurses



Department / School Name	Exceptional Student Education
Administrator / Department Head	Ian Gesundheit, Area Superintendents, Student Enrollment, School Principals, Procurement
Cabinet Official / Area Superintendent	Susan Abbe

Audit Result / Recommendation	Management Response Acknowledgement/ Agreement of Condition	Responsible Person (Name & Title) And Target Completion Date	Management's Action Plan
Use the workflow approval process within the iBuy system to document approvals of the ESE department for non-personnel costs paid from the ESE Guarantee Fund	Non-personnel expenditures from ESE Guarantee Fund are currently approved through an email exchange.	Procurement (07/2022)	Utilize the district's procurement workflow process (iBuy) to generate requests and approvals in order to track and confirm purchases. Approvals in iBuy are captured and preserved in the workflow itself. There will be an approval process that will include the Executive Director in ESE and the learning community Area superintendent.
Submit Out-of-Field status notifications for teachers of gifted students who do not have the gifted endorsement	Florida Administrative Code Rule 6A-4.01791 <i>Specialization Requirements for the Gifted Endorsement</i> , the gifted endorsement is required if a teacher is providing gifted services. Required by Section 1012.42 F.S., "out of field" status notifications should be provided.	Human Resources School Principals (07/2022)	HR will generate a list of "out of field" teachers and provide the necessary notifications (letters) to be provided to parents. School principals will provide notification to parents.



<p>Evaluate whether substitutes in ESE classrooms should be required to have ESE certifications</p>	<p>OCPS and Kelly Services currently do not require any area of certification for any teaching position at a school, including ESE. Requiring ESE certification would further challenge and limit classroom coverage when the ESE teacher is absent.</p>	<p>Human Resource ESE Department (07/2022)</p>	<p>OCPS believes having a certified substitute teacher in every classroom would be ideal, but not a reality in our current climate. We will continue to make every effort to secure a substitute with teacher certification. In addition, the team will continue to revisit this recommendation each year.</p>
<p>Obtain and retain Parent Consent Forms for Medicaid claims</p>	<p>To be compliant with CFR Section 300.154 (d)(2) <i>Methods of Ensuring Services</i>, completed and signed Parent Consent Forms need to be obtained and secured at the school and/or district.</p>	<p>Student Enrollment School Registrar, School Clerks School Principal (03/2022)</p>	<p>Currently the Parent Consent Form is part of the school registration packet. Registration packets are printed and placed in the student’s cumulative folder. Student Enrollment will provide additional training to School Registrars to be sure the Parent Consent Form is included in the packet that is filed in the cumulative folder.</p>
<p>Periodically evaluate the cost vs. benefit of using a contracted Medicaid claims administrator compared to the service offered at no cost by the Florida DOE</p>	<p>The district contracts with a third party to file and track Medicaid claims.</p>	<p>ESE Director, Elizabeth Padilla Procurement (07/2023)</p>	<p>OCPS uses Sivic Solutions Group (SSG) to file, process and track Medicaid claims. SSG allows OCPS to customize and filter the reports to ensure maximum reimbursement. The team will revisit this decision when SSG’s contract nears expiration.</p>
<p>Periodically re-evaluate whether to bill students’ private insurance for eligible services</p>	<p>The FLDOE Medicaid in Schools Consultant indicates that identifying a student’s private insurance and creating a process to submit private insurance claims and</p>	<p>ESE Executive Director, Ian Gesundheit (07/2022)</p>	<p>The team will periodically revisit this decision.</p>



	receive denials before billing Medicaid have been identified as barriers for school districts in seeking reimbursement.		
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