

# Training 6-1: Fiscal and Internal Control Practices Requirements General Overview



Welcome to the Wisconsin Department of Public Instruction's training module on the Private School Choice Programs. We will refer to the Private School Choice Programs as "Choice" or "Choice program" throughout this training. The Choice program is governed by Wis. Stat. §§ 119.23 and 118.60, as well as Wis. Admin. Codes ch. PI 35 and 48. Provisions of this training module are subject to statutory and rule changes.

In the first section of the Fiscal and Internal Control Practices requirements we will go through a general overview.

## Fiscal and Internal Control Practices Requirements

- The MPCP requirements are included in Wisconsin Statute Section 119.23 (7)(am) 2m and Wis. Admin. Code PI 35.13
- The RPCP & WPCP requirements are included in Wisconsin Statute Section 118.60 (7) (am) 2m & Wis. Admin. Code PI 48.13
- **Provisions in this presentation are subject to law changes.**

The Fiscal and Internal Control Practices Requirements are required by Wisconsin statute and rule.

The Milwaukee Parental Choice Program, or MPCP, requirements are included in Wisconsin Statute 119.23 and Wisconsin Administrative Code PI 35.13.

The Racine Parental Choice Program, or RPCP, and the Wisconsin Parental Choice Program, or WPCP, requirements are included in Wisconsin Statute 118.60 and Wisconsin Administrative Code PI 48.13.

Provisions in this presentation are subject to law changes.

## Report Due Date and Auditor Requirements

- The school must hire an auditor to determine if the school is in compliance or not in compliance with the fiscal and internal control practices requirements.
- The Fiscal and Internal Control Practices report is due by December 15<sup>th</sup> each year.
- The auditor may not rely on oral or written representations of school's administration or staff when completing the required procedures.

Wisconsin Administrative Rule requires that the school hire an independent auditor to determine if the school is in compliance with the fiscal and internal control practices requirements. The school is responsible for ensuring the Fiscal and Internal Control Practices Report is submitted to DPI by December 15.

In order to determine if the school is meeting the fiscal and internal control practices requirements for the program, the auditor must complete the requirements specified in Wisconsin Administrative Rule and in the Fiscal and Internal Control Practices Report. The auditor may not rely on oral or written representations of the school's administration or staff. For example, schools that are continuing in the program or first year schools that select the surety bond option are required to prepare a budget by June 30 before the school year begins. The auditor must have evidence that the budget was timely prepared such as board minutes approving the budget. The auditor could not determine if this requirement was met based on the school principal stating it was prepared by June 30.

## Response Letter Requirements

- School management must respond to any findings of non-compliance, except for non-compliance related to the Management Letter Review section, with a response letter:
  - The letter must be submitted with the fiscal and internal control practices report.
  - The response must explain how the school addressed the issue.
  - The response must explain how the school will ensure the issue will not occur in the future.
  - The school does not need to provide a response to noncompliance related to the Management Letter Review section.

The school management must respond to any findings of non-compliance, except for non-compliance related to the Management Letter Review section. The response letter must be submitted with the fiscal and internal control practices report. The response must be sufficient to explain how the school has addressed the issue and how the school will ensure the issue will not occur in the future. The department will review the responses to any non-compliance items and ensure that the school has properly addressed the non-compliance issue. The department will review the non-compliance items to determine if they identify that the school is not financially viable. See the financial viability section of this training for more information on the financial viability review and what happens when a school is determined not financially viable.

## Evidence of Resolution

- If a non-compliance item(s) was not resolved, the school's management should provide evidence of the resolution to the DPI no later than the third Tuesday in January.
- This information can be emailed to [DPIChoiceAuditReports@dpi.wi.gov](mailto:DPIChoiceAuditReports@dpi.wi.gov)

If the auditor identified that the non-compliance item was not resolved in the Report, management should provide evidence that the item(s) identified by the auditor are resolved. This evidence should be provided to the Department of Public Instruction no later than the third Tuesday in January. This documentation can be emailed to the address on the slide.

## Statutory Authority for DPI

- Wisconsin Statute Sections 119.23(10) and 118.60(10)
  - The state superintendent may issue an order barring a private school from participating in the program when the school has failed to provide evidence of sound fiscal and internal control practices.
  - The state superintendent may also withhold payment from a private school.

Pursuant to Wisconsin Statute Sections 119.23 (10) and 118.60 (10), the state superintendent may issue an order barring a private school from participating in the Choice program when the school has failed to provide evidence of sound fiscal and internal control practices.

The state superintendent may also withhold payment from a private school.

## Questions

Website: <http://dpi.wi.gov/sms/choice-programs>

Email: [DPIChoiceAuditReports@dpi.wi.gov](mailto:DPIChoiceAuditReports@dpi.wi.gov)

Phone: 1-888-245-2732 ext. 3



If you have any questions about the information discussed in this training, please see the Private School Choice Programs homepage. The left menu bar of the Private School Choice Programs homepage has resources for both schools and auditors.

Choice schools may also contact the Choice auditors at the email on the slide, or call the toll-free number at 1-888-245-2732, extension 3 with questions.