

Date: May 21, 2021
To: School District Audit Firms
From: DPI School Financial Services Team
Subject: Information for 2020-2021 School District Audits

This letter summarizes information on new and updated requirements for fiscal year 2020-2021 audits of Wisconsin public school districts. Please make sure it is available to all individuals within your firm performing school district audits.

Auditor Mailings

We highly recommend subscribing to the SFS auditor listserv in order to receive important communications. To subscribe, visit:

<https://dpi.wi.gov/sfs/finances/auditors/overview>

Audit Manual and Program Updates

The Audit Manual has been updated to consolidate information from multiple webpages that previously made up the audit manual into a single PDF document called the Wisconsin School District Audit Manual. The audit programs have also been incorporated into Section 2 of this document.

The Wisconsin School District Audit Manual serves as the appendix of the State Single Audit Guidelines to provide additional auditing and program-specific compliance requirements for DPI funding.

The Wisconsin School District Audit Manual also establishes auditing and program-specific compliance requirements for Wisconsin Public School Districts, Cooperative Educational Service Agencies, County Children with Disability Education Boards, and independently authorized charter schools that receive funding from the DPI but do not meet the single audit federal expenditure threshold.

A document listing the summary of changes to the audit manual and the audit programs has been created to assist auditors in identifying 2021 updates.

The 2021 Wisconsin School District Audit Manual and the Summary of 2021 Changes to the Wisconsin School District Audit Manual are available at:

<https://dpi.wi.gov/sfs/finances/auditors/overview>

GAAP to DPI Regulatory Departures

The DPI reports must be completed in accordance with generally accepted accounting principles (GAAP) related to fund accounting except for the instances outlined in Section 5.1 of the 2021 Wisconsin School District Audit Manual. In limited circumstances, the DPI allows school districts to depart from GAAP for DPI reporting purposes. If the district is reporting an approved GAAP to

DPI Regulatory Departure, the “Regulatory Fund Balance (DPI)” column of the PI-1506-FB must tie to the District’s PI-1505 and the “Fund Statements Fund Balance (GAAP)” column of the PI-1506-FB must tie to the District’s submitted fund financial statements. Additionally, the PI-1506-AC would report the regulatory balances as it must tie to the Districts PI-1505.

State Single Audit Guidelines

The Wisconsin State Single Audit Guidelines information is available at:

[https://doa.wi.gov/Pages/State-Single-Audit-Guidelines-\(SSAG\).aspx](https://doa.wi.gov/Pages/State-Single-Audit-Guidelines-(SSAG).aspx)

The Wisconsin State Single Audit Guidelines Main Document is available at:

<https://doa.wi.gov/budget/SCO/2015%20SSAG%20Main%20Document%20Revised%206-2016.pdf>

Office of Management and Budget (OMB) Compliance Supplement

The 2021 OMB Compliance Supplement has not yet been released.

The 2020 Compliance Supplement and 2020 Compliance Supplement Addendum remain available at: <https://www.whitehouse.gov/omb/office-federal-financial-management/>

Various Program & Payment Information

General Aid Payment Information

The June 21st aid payment reconciliation worksheet will be posted to the Aid Payment Information webpage. The worksheet summarizes the district’s June general aid payments and any additional state aids withheld throughout the fiscal year as a result of open enrollment, choice and charter programs, revenue limit penalties, or other reasons. It is designed to assist with the proper recording of these payments and required adjustments. It will be available at:

<http://dpi.wi.gov/sfs/finances/aids-register/aid-payment-adj-exp>

The worksheet will be updated after July 1 to reflect the delayed Equalization Aid payment and final 2020-2021 Open Enrollment amounts.

Exempt Computer Aid

School districts will receive payments of aid for exempt computers from the Department of Revenue (DOR) on July 26, 2021. These payments are recorded as 2020-2021 Fund 10 revenue under source 691, along with a June 30, 2021 receivable in 715500 Due from State. Payment amounts will be posted when received from DOR at:

<http://dpi.wi.gov/sfs/limits/computer-aid>

Early College Credit Program

Claims for the Early College Credit Program are open to districts through July 15. Because there are limited funds available for reimbursement, it is not possible for a district to estimate the associated revenue, nor to book a receivable at year end. WUFAR coding for this activity should be source 619 and project 445.

TEACH Grants

The Wisconsin Department of Administration has TEACH grants available for school districts.

These grants are not subject to the State Single Audit and therefore have no State ID Number. Revenues are recorded as source 699 if directly received by the district, or source 315 or 515 if passed through another district or CESA.

Teacher Training Grants should not be recorded in Funds 23 or 93. These were used to account for programs funded by the TEACH Wisconsin Board prior to 2012.

More information is available at:

<http://teach.wisconsin.gov/>

Details on the accounting for these grants, including proper coding, are available at:

<http://dpi.wi.gov/sfs/finances/wufar/accounting-issues-examples>

Medicaid School Based Services Program

The Wisconsin Department of Health Services (DHS) will provide a list of payments made between July 1, 2020 and June 30, 2021 for the School Based Services Program sometime after July 1, 2021 on the State Single Audit Guidelines (SSAG) website. This information is used to determine the amount of funding paid to each LEA also serves as a confirmation of payments by DHS. The SSAG website is at:

[https://doa.wi.gov/Pages/State-Single-Audit-Guidelines-\(SSAG\)---2017.aspx](https://doa.wi.gov/Pages/State-Single-Audit-Guidelines-(SSAG)---2017.aspx)

[GASB Statement 84 Implementation Journal Entries for SAFR Reporting](#)

The implementation of GASB Statement 84 requires the restatement of beginning net position and/or fund balance. In the PI-1505 Annual Report, all beginning balances must tie to prior year ending PI-1505 balances. In the PI-1505, the district must record the amount of the restatement for GASBS 84 implementation as a revenue or expenditure in the current year using source or object 969 Other Adjustments instead of restating beginning balances. In the audited financial statements, the beginning balances must be properly restated and the source or object 969 adjustment must be removed.

District sample journal entries for implementing GASBS 84 in the PI-1505 can be found at:

<https://dpi.wi.gov/sites/default/files/imce/sfs/xls/gasb-84-je-template.xlsx>

[GASB Statement 84 Implementation Guidance from FY20 Review](#)

During our review of FY20 annual reports and audited financial statements in which district's implemented GASB Statement 84, the DPI noted the following items that required districts to make changes:

- Implementation in Fund 60 but did not review fiduciary activities in Fund 72.
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- Fund 72 presented as Special Revenue Fund in audited financial statements, but district books & annual still record using Fund 72.
- The prior period adjustment amount was not the July 1st balance in Fund 60 and/or Fund 72.
- Districts that determined amounts in Fund 60 qualified as fiduciary continued to record a Due to Student Organization liability.

The DPI expects the 60L81x000 (as of 7/1) -72E969 = 10R969 + 21R969 + 60R969 with certain amounts being zero depending on district circumstances. Auditors completing this check may avoid district and/or auditor changes requested from DPI during annual report review later. Additionally, the DPI expects districts to fully implement new standards and auditors to review implementation for accuracy.

We noted instances of the audit and the annual report not matching due to the previously mentioned items. The DPI expects GASB Statement 84 to be correctly implemented on the district books and annual report at end of FY21 with the audit and annual having matching ending fund balances.

Self-Funded Insurance Footnote

Per Wisconsin Statute §120.14, the school district audit shall include information concerning the District's self-insurance plan, as specified by the commissioner of insurance. The Office of the Commissioner of Insurance (OCI) updated the information they would like included in the self-funded insurance footnote in FY20. The updated self-funded insurance footnote template can be found in Section 4.1 of the 2021 Wisconsin School District Audit Manual.

Wisconsin Retirement System (WRS) GASB 68 and Local Retiree Life Insurance Fund (LRLIF) GASB 75 Information

The Department of Employee Trust Funds (ETF) will provide information to assist districts and auditors in implementing GASB 68 and 75 requirements for the WRS and LRLIF. This will include employer schedules, model note disclosures, required supplementary information, and model journal entries.

ETF's GASB 68 webpage is at:

<https://etfonline.wi.gov/ETFGASBPublicWeb/gasb68.do>

ETF's GASB 75 webpage is at:

<https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

Schedule of Expenditures of Federal Awards and State Awards

The AICPA's Governmental Audit Quality Center released [Nonauthoritative Guidance on the Reporting of Certain COVID-19 Awards on an Accrual Basis SEFA](#). This non-authoritative document provides definitions, assumptions, and various illustrative scenarios related to certain COVID-19 awards to assist auditees and auditors in evaluating the facts and circumstances that lead to a determination of which fiscal year to report costs incurred on an accrual-basis SEFA.

Pass-through identifying numbers are required to be included on the Schedule of Expenditures of Federal and State Awards. A listing by entity of all federal and state awards paid by DPI with corresponding identifying numbers is available at:

<https://dpi.wi.gov/sfs/aid/grant-programs/overview>

Section 1.7.1 of the 2021 Wisconsin School District Audit Manual includes a requirement that the Schedule of Expenditures of Federal and State Awards include reconciling information on beginning and ending accrued receivables and/or unearned revenue, as well as cash received.

School Finance Reporting Portal (SAFR) Access

If there have been changes to the school districts you are auditing this year or in your firm contact information, email us at dpifin@dpi.wi.gov so we can update auditor access to the SAFR reporting portal. SAFR is accessed at:

<https://dpi.wi.gov/sfs/reporting/safr/overview>

WISEgrants Portal

Budgets and claims for most federal grants administered by DPI are submitted in the WISEgrants web portal. Claims automatically populate with the last approved budget. School districts have the ability to assign auditors user credentials to WISEgrants to review budgets and claims. A WAMS ID is required for WISEgrants access. Once you have a WAMS ID, contact the district about being assigned as a WISEgrants user.

WISEgrants is located at:

<https://dpi.wi.gov/wisegrants/web-portal>

The left side of the page has general and auditor-specific technical assistance.

Individuals with Disabilities Education Act (IDEA) Maintenance of Effort (MOE)

The Special Education Team has information for reviewing IDEA's MOE requirement and the MOE monitoring utility in WISEgrants at:

<http://dpi.wi.gov/sped/educators/fiscal/maintenance-of-effort>

For questions related to an LEA's MOE compliance, contact Rachel Zellmer on the DPI Special Education Team at rachel.zellmer@dpi.wi.gov.

Charter School Authorizer Reporting

Charter school authorizers are required to submit annually a report to the State Superintendent and the Legislature that includes all of the following:

1. An identification of each charter school operating under contract with the authorizer, each charter school that operated under a contract with the authorizer but had its contract non-renewed or revoked or that closed, and each charter school under contract with the authorizer that has not yet begun to operate.
2. The academic and financial performance of each charter school operated under contract with the authorizer.
3. The operating costs the authorizer incurred while fulfilling its statutory duties, detailed in an audited financial statement prepared in accordance with generally accepted accounting principles.
4. The services the authorizer provided to the charter schools under contract with the authorizer and an itemized accounting of the cost of the services.

Please note that there is one GAAP based schedule that should be included in the district's audited financial statements.

Information for charter school authorizers, including a report template and technical assistance document, is located at:

<https://dpi.wi.gov/sms/charter-schools/information-authorizers>

Corrective Action Plans

A corrective action plan to address each audit finding is required as part of the reporting package. Plans should include the name(s) of those responsible for the corrective action, what action is planned or a detailed listing of mitigating controls, and the plan's anticipated completion date. Corrective action plans are required in order for us to review and address the findings reported. If you or the district were asked for more information during our reviews of 2019-2020 findings reported as of June 30, 2020, please incorporate that information into any findings that reoccur in 2020-2021.

Peer Review Letters

Auditors must undergo an external peer review at least once every three years and make the report available to granting agencies upon request. DPI reviews 551 peer review reports for all firms performing school district audits. If you have not submitted your most recent peer review report to DPI, please email it to dpiauditreports@dpi.wi.gov as soon as possible.

Important Dates/Timeline

The timeline for 2020-2021 reporting is as follows:

PI # / Report Title	Who Submits	Open Date	Due Date
PI-1505-AC Aid Certification	District	7/12/2021	8/27/2021
PI-1506-AC Auditor Aid Certification	Auditor	7/12/2021	9/10/2021
PI-1506-FB Auditor Ending Fund Balance	Auditor	7/12/2021	9/10/2021
PI-1505 Annual Report	District	7/12/2021	9/17/2021
PI-1505-SE Special Education Annual Report	District	7/12/2021	9/17/2021
Special Education No Valid License/Questioned Cost Worksheet	Auditor	7/12/2021	9/17/2021
ESSA School Level Annual Report	District	7/12/2021	10/1/2021
Audited Financial Statement Report Package	Auditor	7/12/2021	12/15/2021

NOTE: The opening dates of all reports and the PI-1505-AC Aid Certification due date listed in the slides of the DPI Update at the WICPA School District Auditor Conference were incorrect. The dates are correctly listed in this letter.

Audited financial statement report packages are submitted to dpiauditreports@dpi.wi.gov. They must include the following:

- Audited Financial Statements
- Single Audit Report, if issued separately
- Corrective Action Plans, if applicable
- Communication with Those Charged with Governance when “Other Matters” are included
- Management Letter, if applicable

Do **NOT** submit Data Collection Forms to DPI. All documents should be unencrypted, unlocked and in a text-searchable PDF format.

Conclusion

For technical assistance questions regarding audits or their requirements, [contact a School Financial Services Team Auditor](#).

- The DPI School Financial Services Team