

Q&A from DPI Update Session at WICPA Conference

- 1. Must membership engagements be performed on site or can the engagement be performed entirely off site?**

[Wis. Admin. Code § PI 14.03](#) indicates that audits shall be conducted on school district premises. [Wis. Stat. § 115.28\(18\)](#) indicates that the audit shall include an audit of the number of pupils reported for membership purposes under [Wis. Stat. § 121.004\(5\)](#), if required by the state superintendent under [Wis. Stat. § 115.28\(18\)](#).

- 2. Please clarify what items should be documented for state major program determination.**

SSAG Main Document Section 3.4 and WI School District Audit Manual Section 1.4 states “Workpaper documentation should include, for each program: the name of the program, the amounts of expenditures, whether the program is Type A or Type B, the factors considered in the risk assessment, the auditor’s assessment of the risk for each factor, and the overall assessment of risk. The workpapers should also show how risk is reflected in the testing for high-risk programs.”

- 3. When will the DPI Pass-Through ID Numbers spreadsheet be updated by?**

The spreadsheet will be updated no later than May 31, 2021.

- 4. If we are only doing testing of Part 1 for State Special Ed, should we consider the state special ed expenditures towards our consideration for the 20% or 40% threshold? Should we still list it as a major program in the Single audit notes?**

State Special Education is a Designated Major Program which means it should be considered a Major Program every year. All Major Programs should be considered in the 20% or 40% threshold and listed as a Major Programs in the Schedule of Findings and Questioned Costs.

- 5. Has DPI communicated to Districts that Fund 80 must pay Fund 10 for the use of district facilities?**

Yes. The department provides training on Fund 80 requirements and discusses district specific questions with districts when requested. The department provided the [Community Service Fund Tracking Operational Costs](#) document to assist districts.

- 6. With the additional rounds of COVID funding, there is a large amount of allowable expenses that can be claimed under CRRSA and/or ARPA that relate to FY2020. If the total grant revenue is material, would the district be required to restate the prior year? Or would that be recorded in FY21 revenue?**

The district should report revenue on their financial statements under generally accepted accounting principles (GAAP). Revenues are recognized under modified accrual accounting in the period when they become both measurable and available to finance expenditures of the fiscal period.

The determination of the reporting of expenditures on the Schedule of Expenditures of Federal Awards (SEFA) is independent of the determination of revenue recognition under GAAP. 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.

7. Have you considered combining the FB and AC forms?

The information contained within these forms is used for different purposes and are therefore collected separately. These forms will be updated with the move to the new Wisconsin School Finance Portal (WiSFIP) in fiscal year 2022.

8. Has DPI communicated the need to move Fund 72 items into a special revenue fund if it no longer meets the definition of a fiduciary activity?

Financial statements and compliance with generally accepted accounting principles are the responsibility of the District. It is an auditor's responsibility to provide an opinion on those financial statements. To assist districts with understanding the requirements of GASB Statement 84, the DPI has done the following:

- i. Sent multiple listservs.
- ii. Posted a GASB Statement 84 Summary.
- iii. Performed various presentations.
- iv. Posted slides and a recording of a GASB Statement 84 presentation.
- v. Communicated with various districts regarding their specific circumstances and questions during implementation.
- vi. Communicated regarding information reviewed in FY20 annual reports.

9. The previous Transportation Aid audit program said not to consider it a Type A program unless it was over \$62,500. Is this threshold now \$25,000?

Yes. SSAG Main Document Section 3.4 and WI School District Audit Manual Section 1.4 discuss that a state agency may designate Type A state programs to be tested as state major unless the auditor assesses them to be low-risk, but at least once every three years. However, state funded programs that are less than \$25,000 should not be treated as state major programs unless they are needed to satisfy the percent-of-coverage threshold. The DPI has designated Pupil Transportation Aid to be a Type A program, therefore it would need to be audited as state major unless assessed as low-risk, but at least once every three years if over the \$25,000 threshold.