***Date:* June 29, 2018**

***To:* School District Auditors**

***From:*** School Financial Services Team

***Subject:* Information required for 2017-2018 School District Audits**

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**Auditor Mailings**

It is imperative that all district auditors subscribe to the Auditor listserv in order to receive all communications. To subscribe to the auditor listserv go to the following website <http://dpi.wi.gov/sfs/finances/auditors/listserve/overview>.

**School Finance Reporting Portal (SAFR) Access**

Any change in the districts you are contracted to audit should be communicated to the School Finance Team general mailbox, dpifin@dpi.wi.gov, so that the appropriate authorization to SAFR data and reports can be granted.

**State Single Audit Guidelines**

The 2017 revision to the Wisconsin State Single Audit Guidelines is now available at <https://doa.wi.gov/Pages/State-Single-Audit-Guidelines-%28SSAG%29---2017.aspx>. The DPI Appendix to the Guidelines is available at <https://doa.wi.gov/budget/SCO/DPI%20Appendices%20for%20SSAG%202017%20Revision%20%28002%29.pdf>.

**Charter School Authorizer Reporting**

Wisconsin Statute 118.40(3m) (f) requires charter school authorizers 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 required to be submitted that should be included in the district’s audited financial statements.

Information for Charter School Authorizers is located at <https://dpi.wi.gov/sms/charter-schools/information-authorizers> including the following information on the annual report:

 1)-Annual Report Template for Authorizers

 2)-Annual Report Technical Assistance Document

**State Audit Programs (DPI)**

State audit programs have been updated for the 2017-2018 fiscal year. Please download the newest version of these audit programs for the current audits. DPI State audit programs are available at <http://dpi.wi.gov/sfs/finances/auditors/audit-programs>.

**General Aid Payment Information**

The June 18th and June 25th aid payment information has been posted to the Aid Payment Information webpage at <http://dpi.wi.gov/sfs/finances/aids-register/aid-payment-adj-exp>. The spreadsheet explains the district’s June general aid payments and any additional State Aids withheld throughout the fiscal year as a result of the: (a) public school open enrollment and tuition waiver programs; (b) Challenge Academy program; (c) the Wisconsin and Racine private school voucher programs (WPCP/RPCP State General Aid Reduction; (d) the Special Needs Scholarship program (SNSP); and (e) penalties, including revenue limit adjustments.

The spreadsheet also is designed to assist the districts bookkeeper in the proper transaction coding of these payments. The spreadsheet will be updated again in mid-July to reflect the July 2018 Delayed Equalization Aid payment and final 2017-18 open enrollment amounts.

**Per Pupil Aid**

The state biennial budget for 2017-19 provides funding for the Per Pupil Aid program. This program provided $450 per pupil in aid in 2017-18. Districts are to code Per Pupil Aid revenues to Source 695 for FY 17-18. The State ID # is 255.945 for Per Pupil Aid. DPI’s computation of per pupil aid (an amount by district) can be found at <http://dpi.wi.gov/sfs/aid/categorical/per-pupil-aid>. Per Pupil Aid for 2017-18 was paid on March 26, 2018.

Districts receiving more than $250,000 of Per Pupil Aid and who are subject to the Single Audit Requirements will be required to consider this a Type A program. There are no eligibility requirements to be tested. However, we ask that the auditors review the revenue limit membership data used in the calculation of aid. Please note that the three average membership data used in this aid calculation may differ from the FINAL revenue limit worksheet if there were membership audit adjustments as those adjustments were not factored into the calculation for this aid calculation. Therefore, you must use the revenue limit worksheet provided on the web page link, <https://dpi.wi.gov/sites/default/files/imce/sfs/xls/revlim18_prepop_mar2.xlsx>.

**Achievement Gap Reduction (AGR) Program**

2015 Wisconsin Act 53 and Act 71 created the Achievement Gap Reduction (AGR) Program under the new section of Wisconsin Statute 118.44. AGR has replaced the Student Achievement Guarantee in Education (SAGE) program. The AGR audit program is at <http://dpi.wi.gov/sfs/finances/auditors/audit-programs>. More information on the AGR program can be found at <https://dpi.wi.gov/sage>.

**Parental Choice Private School Payments**

State law requires a reduction of the district’s state general aid payment in June for new students attending private schools. The 2017-18 reduction is $7,530 for students in grades K-8 and $8,176 for students in grades 9-12. DPI has an excel spreadsheet available on the SFS home page at <https://dpi.wi.gov/sfs> that provides the general aid payment amount for each district. The reduction of aid was completed with the June 18th and June 25th general aid payment. The entry to record the June 18th and June 25th aid payment can be found at <http://dpi.wi.gov/sfs/finances/aids-register/aid-payment-adj-exp>. The payment related to this program should be recorded in object 387 and function 438000.

**Special Needs Scholarship Program Payments**

The Special Needs Scholarship Program (SNSP) allows a student with a disability who meets certain eligibility requirements to receive a state-funded scholarship to attend a participating private school. DPI is required to decrease a school district’s state aid payment for a district’s resident students attending a private school under this program. The state aid reduction for the 2017-18 school year is $12,207. The reduction of aid was completed with the June 18th and June 25th general aid payment. The entry to record the June 18th and June 25th aid payment can be found at <http://dpi.wi.gov/sfs/finances/aids-register/aid-payment-adj-exp>. The payment related to this program should be recorded in object 387 and function 438000.

**Auditor’s Report on Compliance**

There is a new Independent Auditor’s Report example that can be found in Chapter 9 of the audit manual or directly at <http://dpi.wi.gov/sfs/finances/auditors/audit-manual>. Auditors should use this new example for entities that do not have a single audit and when there are no major programs identified.

**Food Service Commodities Report Summary**

Auditor instructions for obtaining a summary of the commodity allocation for each LEA can be found at [Accessing Values and Commodities Received](https://dpi.wi.gov/sites/default/files/imce/sfs/doc/2016%20Auditor%20Instructions%20for%20Accessing%20CARS%20Report.doc). Step number 9 of the document includes additional instructions if problems are encountered printing the summary.

**TEACH Grants**

The Wisconsin Department of Administration has TEACH grants available for school districts. These grants will not be subject to the State Single Audit and will therefore have no State ID Number issued. These revenues will be recorded in Source 699 if directly received by the district. If these revenues are passed through a CESA, Source 515 will be used to record the revenue. More information is available at <http://teach.wisconsin.gov/>. The accounting for these grants including proper coding is available at <http://dpi.wi.gov/sfs/finances/wufar/accounting-issues-examples>.

**School Based Services Benefit**

Wisconsin Department of Health Services (DHS) will provide a list of payments made between July 1, 2017 and June 30, 2018 for the School Based Services Program sometime after July 1st, 2018 on the [*State Single Audit Guidelines* website](https://doa.wi.gov/Pages/StateFinances/State-Single-Audit-Guidelines.aspx) to use when determining the amount of funding paid to the LEA. This information also serves as a confirmation of the DHS payments to LEA’s for the program.

**Office of Management and Budget (OMB) Compliance Supplement**

The 2018 Compliance Supplement is available at [2018 OMB Compliance Supplement](https://www.whitehouse.gov/wp-content/uploads/2018/05/2018-Compliance-Supplement.pdf). The 2018 OMB Compliance Supplement is in a different format this year where the 2018 document only shows changes and needs to be used in conjunction with the 2017 document.

**Wisconsin Retirement System (WRS) GASB # 68 Information**

WRS has provided information to assist districts and auditors in implementing GASB Statement # 68. The information provided included model note disclosures, employer proportionate share of net pension liability, required supplementary information, and model journal entries. WRS plans to release the calendar year 2017 information in mid to late September. See <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb68.do> for the information available from WRS. The WRS Employer Bulletins also contain information related to GASB Statement # 68. The WRS Employer Bulletins can be found at <http://etf.wi.gov/employers/bulletins_state_wrs.htm>.

**Schedule of Expenditures of Federal Awards and State Awards Identification Number**

The Uniform Grant Guidance §200.510 (b) (2) requires that the Schedule of Expenditures of Federal Awards (SEFA) include the name of the pass-through entity and an identifying number assigned by the pass-through entity. The Wisconsin State Single Audit Guidelines also includes the requirement for a pass-through identification number. A listing by school district of all federal and state awards paid by DPI with corresponding identifying numbers is available at <https://apps4.dpi.wi.gov/AID/Home>.

**WISE Portal**

All district budgets and claims are submitted electronically in the WISE grants web portal for select grants which include Title I A, Title II A, Title III A, IDEA, and various others. The claims automatically populate with the last approved budget. School districts have the ability to assign auditors user credentials to WISE grants to review budgets and claims once they have a WAMS ID. This [link](https://dpi.wi.gov/sites/default/files/imce/wisegrants/pdf/Getting%20a%20WAMS%20ID.pdf) will provide details on how to obtain a WAMS ID. Once you have a WAMS ID please email this to the district and request view access to the budgets you will be reviewing. This [link](https://access.dpi.wi.gov/nidp/idff/sso?id=DPILogin&sid=0&option=credential&sid=0&target=https://wisegrants.dpi.wi.gov/wisegrants) will take you to the WISE grants login screen. Additional technical assistance for WISE grants can be found on our [webpage](https://dpi.wi.gov/wisegrants/technical-assistance).

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

The following link will take you to a guide for reviewing IDEA’s maintenance of effort requirement and possibly utilizing DPI’s web-based MOE monitoring system: <http://dpi.wi.gov/sped/educators/fiscal/maintenance-of-effort>. LEA’s provide auditors access to their federal grants in WISEgrants. For questions related to an LEA’s MOE compliance, please contact Rachel Zellmer at rachel.zellmer@dpi.wi.gov.

**IMPORTANT REMINDERS**

**Community Service Fund Audit Program**

2013 Wisconsin Act 306 amended Wisconsin Statute 120.14 which requires the district to hire a licensed accountant to audit the school district accounts annually. State law requires the annual audit to include information about expenditures for community programs and services. There is an audit program available that auditors are required to use. The audit program can be found at <http://dpi.wi.gov/sfs/finances/auditors/audit-programs>. Auditors will report identified ineligible expenditures on the PI-1506 AC for the 2017-18 audits.

 **Exempt Computer Aid**

School districts will receive their exempt computer aid payment on July 23 but this amount must be recorded as a receivable (Due from State--715500) and corresponding revenue (Source 691) in Fund 10 in the fiscal year ended June 30, 2018. The amounts per district will be included in the "On Record at DPI" listing and will be available at <http://dpi.wi.gov/sfs/limits/computer-aid>.

**Corrective Action Plans**

The corrective action plan or management response prepared to address each audit finding is required to be submitted as part of the reporting package. The corrective action plans or management responses should include the name or names of the contact persons responsible for the corrective action, the corrective action planned or a detailed listing of mitigating controls, and the anticipated completion date. DPI needs the corrective action plans or management responses to properly address the findings reported. DPI reviews all the corrective action plans/management responses and will again be sending letters to any districts where the corrective action plan or management response does not address the finding identified for FY 2017-18. If you or the district staff were notified during 2017-18 requesting more detail for any findings reported as of June 30, 2017 please incorporate the additional information for any findings repeated in the June 30, 2018 audit.

**Peer Review Letter**

Auditors must undergo an external peer review at least once every three years and make the report available to granting agencies upon request. DPI maintains a folder with the firms peer review reports. There are peer review reports from firms that were not received by DPI. Please submit your latest peer review report to dpisfsreports@dpi.wi.gov.

**Important Dates/Timeline**

|  |  |  |  |
| --- | --- | --- | --- |
| **Status** | **Due Date** | **Data Collected** | **Form** |
| **Opens 7/16/18** | **September 21, 2018** | **Annual Report (online)** | **PI 1505**  |
| **Opens 7/16/18** | **September 14, 2018** | **Auditor Aid Certification (online)** | **PI 1506 AC** |
| **Opens 7/16/18** | **September 21, 2018**  | **Special Education Annual (online)** | **PI 1505 SE** |
| **Available now** | **September 21, 2018** | **Special Education additional questioned cost (EXCEL worksheet)** | **PI 1506** |
| **Opens 7/16/18** | **September 14, 2018** | **Audited Fund Balances (online)** | **PI 1506 FB** |
| **N/A** | **December 1, 2018** | **Audited Financial Statements (pdf copy sent to dpiauditreports@dpi.wi.gov)** | **N/A** |

This letter is sent ONLY to Auditors who have signed up for DPI listserv messages. Please forward this information to all auditors within your firm currently performing school district audits.