

Date: August 5, 2019

To: CESA/CCDEB Administrators & Business Officials
Auditors and Audit Firms with CESA/CCDEB Clients

From: DPI School Financial Services Team

Subject: Information for 2018-19 CESA and CCDEB Audits

This letter summarizes information on new and updated requirements for fiscal year 2018-19 audits of Wisconsin CESAs and CCDEBs. Please make sure it is available to all individuals involved in the audit process.

Searchable PDFs Required

We are no longer able to accept scanned, non-searchable audit reporting packages. All audit packages **must** be submitted as searchable PDFs; non-searchable documents will not be accepted. Documents directly saved or printed as PDFs are preferred. Scanned documents processed with character recognition, with text that can be searched and selected, are acceptable.

Auditor Mailings

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

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

School Finance Reporting Portal (SAFR) Access

If there have been changes in the CESAs/CCDEBs you are auditing this year, or in your firm contact information, make sure you or the CESA/CCDEB email us at dpifin@dpi.wi.gov so we can update auditor access to the SAFR reporting portal. **A CESA/CCDEB auditor contact should be either the firm as a whole or the partner responsible for the audit engagement, not the manager or field auditor.** SAFR is accessed at:

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

Audit Program and Manual Updates

The DPI state audit programs and audit manual have been updated for fiscal year 2018-19. The newest versions of these documents are available at:

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

Payments of Federal Funds – SEFAs and Other Reporting

The U.S. Department of Education has been emphasizing the difference within federal programs between sub granting and contracting, particularly with regard to IDEA. Only true transits of federal aids—where an LEA receives funds as the fiscal agent for a consortium or other third-party arrangement, but the funds actually belong to a different LEA—should be included on a CESA/CCDEB’s Schedule of Expenditures of Federal Awards (SEFA) and coded to the appropriate WUFAR source (317, 514, or 517).

If a CESA or other LEA uses federal funds from DPI to pay a CESAs/CCDEB under a contract or service agreement (e.g. travel, professional development stipend) those funds lose their identity as “federal” once they are paid to the CESAs/CCDEB. The CESAs/CCDEB should not be coding those funds as federal aid transits (sources 317, 514, or 517) and they should not be reported on the CESAs/CCDEB’s SEFA.

Professional development stipends for special education staff that are ultimately funded by a contract or service payment under a federal grant awarded to a CESA or another LEA are not eligible for state special education aid. They should be coded and reported on the PI-1505-SE using project 019. Stipends paid with a CESAs/CCDEB’s own grant funds should continue to be coded with the appropriate grant project.

Federal/State Awards Beginning & Ending Accruals

The Audit Requirements for DPI Programs has an added requirement that Schedules of Expenditures of Federal & State Awards include reconciling information on beginning and ending accrued receivables and/or unearned revenue, as well as cash received. More details are on page 2 of the document, under “Additional Reporting Requirements.”

State Special Education and School Age Parents Audit Program

The State Special Education and School Age Parents Audit Program will continue to use the No Valid License/Questioned Cost (NVL/QC) Worksheet as in previous years. Although DPI discussed a new NVL/QC online reporting tool at the WICPA School CESAs/CCDEB Auditor Conference this past spring, it has been determined such a tool could not be ready in time for the audits of the year ended June 30, 2019.

DPI audits the staff assignment information reported by an LEA in WISEstaff against each individual’s licensure status at the time the audit is conducted. Auditors are not required to further investigate the license status of any individual identified in the NVL report, but rather just to report the information compiled through the audit procedures.

The audit program for Special Education and School-Age Parents Aid has been revised. Revisions include the following:

- In Compliance Requirement 2-1 and 3-1, the sample of valid licenses to be tested has been removed and replaced with a sample of School Nurse licenses. After reviewing the

internal WISEstaff audit process, the SFS Team determined it would be appropriate to remove testing of valid licenses as it duplicates work performed by DPI, and to add testing of School Nurse licenses as those are not audited by WISEstaff.

- Compliance Requirement 2-3 has been updated due to a recent change in law repealing the prohibition against receiving both Special Education and Pupil Transportation Aids for the same student in the same year. A student riding both regular and specialized transportation routes in the same year (e.g. with a mid-year IEP change) or a student riding a regular route with support under their IEP (e.g. safety equipment, bus aide) may both have eligible costs for Special Education Aid and be counted for Pupil Transportation Aid. **Auditors should not issue findings under the old law that specified an LEA may not receive aid under both programs for the same student in the same school year.**

Pupil Transportation Audit Program

Compliance Requirement 2 has been updated to reflect the change in law allowing a student with IEP-required transportation who rode a regular bus route for at least part of the year to be counted for Pupil Transportation Aid. Students who are exclusively served by specialized transportation should continue to be excluded from the PI-1547 Pupil Transportation Report.

Other New State Programs

The 2017-2019 state biennial budget created a number of new programs with funding that began in 2018-19. A full list is available at:

<https://dpi.wi.gov/policy-budget/2017-19-biennial-budget-new-state-aid-and-grant-programs>

Any of these programs for which the CESA/CCDEB receives at least \$250,000 and is subject to the State Single Audit Guidelines should be considered a Type A program without a specific compliance supplement.

State Single Audit Guidelines

The Wisconsin State Single Audit Guidelines are 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>

Medicaid School Based Services Program

The Wisconsin Department of Health Services (DHS) will provide a list of payments made between July 1, 2018 and June 30, 2019 for the School Based Services Program sometime after July 1, 2019 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

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)

Office of Management and Budget (OMB) Compliance Supplement

The 2019 OMB Compliance Supplement has not yet been released. A draft of Part 2 of the Compliance Supplement has been released for for planning purposes only at:

<https://www.aicpa.org/interestareas/governmentauditquality/resources/singleaudit/2019-omb-compliance-supplement.html>

The 2018 Compliance Supplement remains available at:

<https://www.whitehouse.gov/wp-content/uploads/2018/05/2018-Compliance-Supplement.pdf>

It only shows 2018 changes and needs to be used in conjunction with the 2017 document.

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 CESAs/CCDEBs 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>

More information is available in the the ETF Employer Bulletin at:

http://etf.wi.gov/employers/bulletins_local_all.htm

Schedule of Expenditures of Federal Awards and State Awards Identification Number

The Uniform Grant Guidance 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 of all federal and state awards paid by DPI with corresponding identifying numbers is available at:

<https://apps4.dpi.wi.gov/AID/Home>

WISEgrants Portal

Budgets and claims for most federal grants administered by DPI, including Title I-A and II-A as well as IDEA, are submitted in the WISEgrants web portal. Claims automatically populate with the last approved budget. School CESAs/CCDEBs 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 CESAs/CCDEB about being

assigned as a WISEgrants user. WISEgrants is located at:

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

Look to the left side of the page for general and auditor-specific technical assistance.

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 CESAs/CCDEB were asked for more information during our reviews of 2017-18 findings reported as of June 30, 2018, please incorporate that information into any findings that reoccur in 2018-19 as of June 30, 2019.

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 peer review reports for all firms performing school CESA/CCDEB audits. If you have not submitted your most recent peer review report to DPI, please email it to dpifin@dpi.wi.gov as soon as possible.

Important Dates/Timeline

The timeline for fiscal year 2018-19 reporting is as follows:

<u>PI # / Report Title</u>	<u>Who Submits</u>	<u>Open Date</u>	<u>Due Date</u>
PI-1523 CESA Annual Report	CESA	TBD*	1/6/2020
PI-1511 CCDEB Annual Report	CCBED	7/15/2019	12/2/2019
PI-1505-SE Special Education Annual Report	CESA/ CCDEB	7/22/2019	9/20/2019
Special Education No Valid License/Questioned Cost Worksheet	Auditor	7/15/2019	9/20/2019
Audited Financial Statement Report Package	Auditor	8/1/2019	12/2/2019

***CESA Annual Report is currently being revised**

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

- Audited Financial Statements
- Single Audit Report (if separate)
- Communication with Those Charged with Governance
- Management Letter

Do not submit Data Collection Forms to DPI. As stated at the beginning of this letter, report packages must be submitted as searchable PDFs; non-searchable scans will not be accepted.

If you have questions during the course of your audit, email the SFS Team general mailbox at dpifin@dpi.wi.gov. Thank you for your important work.