

# Audit Program for State Tuition

State ID #255.401

Effective July 1, 2016 for audits of the 2015-16 school year

## Purpose and Description

The purpose of the audit program in this document is to evaluate a school district's compliance with the eligibility and program requirements of State Tuition. Districts may submit a tuition claim for students residing in certain eligible types of facilities. A claim may be based upon a district's actual costs for serving those students or a daily rate calculated by the statutory tuition formula. More information on this program is available at <http://dpi.wi.gov/sfs/aid/categorical/state-tuition>.

**This audit program is required for districts that receive at least \$250,000 in State Tuition payments.** It must be completed in the first year a district qualifies and at least once every three years thereafter. A district may receive two separate payments under this program, one for general education (Fund 10) costs and one for special education (Fund 27); the \$250,000 threshold would be applied using the sum of those two payments.

## Information Needed for the Audit

- Access to the district's general ledger.
- The district's final PI-1524-ST State Tuition claim workbook, as approved by DPI for payment.
- The district's enrollment and/or service records for students residing in eligible facilities:
  - Juvenile detention facilities, county jails, and other locally-operated placements in the juvenile justice system (termed "children's homes" in the law). This does not include state-operated facilities (e.g. Mendota Mental Health Institute, Lincoln Hills School).
  - Fort McCoy, the Tomah VA Center, or any other military camp, VA hospital, or charitable or penal institution with employees residing on the grounds.
  - Foster or group homes exempt from property tax.
  - Foster or group homes not exempt from property tax, where the total number of students residing in those homes is at least 4% of the district's enrollment.
- The district's supporting documentation for certain types of costs, if claimed:
  - Actual or exact costs, submitted on tab ALT of the claim workbook;
  - "Special allocable costs" for additional special education services provided to individual students, submitted on tab SAC of the claim workbook; or
  - Costs used to determine a daily rate for special education tuition, entered on tab A, lines 57x-69x of the claim workbook.

## Eligibility

The auditor does not need to test for the eligibility of a particular facility. DPI will make that determination as claims are reviewed, and the auditor may treat any facility included in an approved, paid claim as eligible.

## Reporting Requirements

### Compliance Requirement 1

A State Tuition claim may only be submitted for a given student if they reside in an eligible facility, and only for the time during which they reside there and are enrolled for instruction by the district.

#### Audit Procedures

1. Select a random sample of students included in the State Tuition claim.
2. Verify for each student in the sample:
  - a. That they resided at the eligible facility for at least as long as the beginning and ending dates of services indicated in the claim (tab F, columns C and D); and
  - b. That they were enrolled for instruction for at least as many days as the number indicated in the claim (tab F, column H).

NOTE: These procedures are designed to identify only improper excess claiming.

#### Questioned Costs

See the worksheet on page 4 for the procedure to calculate a questioned cost under this requirement.

### Compliance Requirement 2

A district must report whether a student residing in an eligible facility had been counted for membership as a resident during the school year.

#### Audit Procedures

1. Select a random sample of students included in the State Tuition claim who were listed as not counted for membership (the value in tab F, column G is 1). A student from the sample used for Compliance Requirement 1 may also be included in this sample.
2. Verify that the district had not counted those students for membership.

NOTE: These procedures are designed to identify only improper omission of resident students who had been counted for membership during the school year.

#### Questioned Costs

If a student is found to have been incorrectly reported as not counted for membership, the questioned cost is calculated using the data in tab F as follows:

- The Fund 10 questioned cost is: Days of Instruction (col. H) × Regular Ed. FTE (col. J) × Fund 10 General Aid Deduction (col. Q).
- The Fund 27 questioned cost is: Days of Instruction (col. H) × Special Ed. FTE (col. I) × Fund 27 General Aid Deduction (col. P).

A student may be listed on multiple F tabs if they were claimed for multiple eligible facilities. In this case, the questioned cost should include all days of instruction for all eligible facilities.

### Compliance Requirement 3

A district must have appropriate documentation to support any actual or exact costs claimed.

#### Audit Procedures

1. If the district has expenditures entered on the ALT tab, verify the district has documentation to support the data entered.
2. Test individual expenditures by tracing them to the general ledger.

### Compliance Requirement 4

A district must have appropriate documentation to support any special allocable costs claimed for a given student.

#### Audit Procedures

1. If the district has expenditures entered on the SAC tab, verify the district has documentation to support the data entered.
2. Test individual expenditures by tracing them to the general ledger.

### Compliance Requirement 5

A district must have appropriate documentation to support any daily rates calculated for a special education program and used to determine the tuition being claimed.

#### Audit Procedures

1. If the district has special education program expenditures and days of attendance entered on tab A, lines 57x-69x, verify the district has documentation to support the data entered.

NOTE: The data used to calculate other daily rates on tab A are finalized from other audited DPI data sources during the approval process. The auditor does not need to test those data.

#### Questioned Costs

Contact the DPI consultant administering State Tuition for details on calculating a questioned cost under this compliance requirement.

## Worksheet for Calculating a Questioned Cost under Compliance Requirement 1

Use the data on tab F for this calculation. A student may be listed on multiple F tabs if they were claimed for multiple eligible facilities. In this case, a calculation is needed for each eligible facility.

<i>Line</i>	<i>Description</i>	<i>Amount</i>
<b>Portion of Costs Questioned</b>		
1	Enter the number of days reported in error. If the student never resided in an eligible facility and/or was never enrolled for instruction, enter the same number as line 2 below (the result on line 3 will be 1.00).	
2	Enter the student's days of instruction given in column H.	÷
3	Divide line 1 by line 2. <b>This is the fraction of the student's tuition in question.</b>	
<b>Fund 10 Questioned Cost</b>		
4	Enter the Fund 10 Exact Cost tuition claimed for this facility (cell R1510).	
5	Enter the total days of instruction for this facility (cell H8).	÷
6	Divide line 4 by line 5.	
7	Enter the number from line 2 above.	×
8	Multiply line 6 by line 7.	
9	Enter this student's total Fund 10 tuition calculated in column U.	+
10	Add lines 8 and 9.	
11	Enter the fraction from line 3 above.	×
12	Multiply line 10 by line 11. <b>This is the Fund 10 questioned cost.</b>	
<b>Fund 27 Questioned Cost</b>		
13	Enter the Fund 27 Exact Cost tuition claimed for this facility (cell R1511).	
14	Enter the number from line 5 above.	÷
15	Divide line 13 by line 14.	
16	Enter the number from line 2 above.	×
17	Multiply line 15 by line 16.	
18	Enter this student's Special Allocable Cost given in column R.	+
19	Enter this student's total Fund 27 tuition calculated in column T.	+
20	Add lines 17 through 19.	
21	Enter this student's Fund 27 deductible receipt calculated in column W.	−
22	Subtract line 21 from line 20.	
23	Enter the fraction from line 3 above.	×
24	Multiply line 22 by line 23. <b>This is the Fund 27 questioned cost.</b>	