

Date: July 22, 2019

To: Independent Charter School Auditors

From: Kendra Neuman, School Finance Auditor, School Management Services

Subject: Information Required for 2018-19 Independent Charter School Audits

This letter summarizes information on new and updated requirements for fiscal year 2018-19 audits of Wisconsin Independent Charter Schools. Please make sure it is available to all individuals within your firm performing Independent Charter School audits.

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/listserve/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>

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 District 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.**

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 independent charter school 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>.

Food Service Commodities Report Summary

Auditor instructions for obtaining a summary of the commodity allocation for each LEA are now available. Step number 9 of the document includes additional instructions if problems are encountered printing the summary. The instructions can be downloaded at: <https://dpi.wi.gov/sites/default/files/imce/sfs/doc/2016%20Auditor%20Instructions%20for%20Accessing%20CARS%20Report.doc>.

Office of Management and Budget (OMB) Compliance Supplement

The 2019 OMB Compliance Supplement is available at: https://www.whitehouse.gov/wp-content/uploads/2019/07/2-CFR_Part-200_Appendix-XI_Compliance-Supplement_2019_FINAL_07.01.19.pdf. This is a stand-alone document and does not need to be used in conjunction with prior year versions of the OMB Compliance Supplement.

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 district 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. Independent charter schools 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 school 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.

Individuals with Disabilities Education Act (IDEA) Maintenance of Effort

The Special Education Team has information for reviewing IDEA's maintenance of effort (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.

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 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 district 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-1505-SE Special Education Annual Report	Independent Charter School	7/15/2019	9/20/2019
Special Education No Valid License/Questioned Cost Worksheet	Auditor	7/15/2019	9/20/2019
Audited Financial Statement Report Package	Auditor	N/A	12/2/2019

Audited financial statement report packages should be submitted by email to Kendra.neuman@dpi.wi.gov. They must include the following:

- Audited Financial Statements
- Single Audit Report (if separate)
- 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, please email kendra.neuman@dpi.wi.gov.

Thank you for your important work.

Kendra Neuman, CPA
School Finance Auditor