

DATE: August 18, 2020

TO: Independent Charter School Auditors

FROM: Kendra Neuman, School Finance Auditor

SUBJECT: Information Required for 2019-20 Independent Charter School Audits

This letter summarizes information on new and updated requirements for fiscal year 2019-20 audits of Wisconsin Independent Charter Schools. Please make sure it is available to all individuals within your firm performing Independent Charter School audits.

Auditor Mailings

We highly recommend subscribing to the SFS auditor listserv to ensure auditors 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 2019-20. The newest versions of these documents are available at: <https://dpi.wi.gov/sfs/finances/auditors/audit-programs>.

State Special Education and School Age Parents Audit Program

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:

- Compliance Requirement 1-1 has been updated so that the representation letter must now be signed by the authorized WISEstaff report user or District Administrator.
- Compliance Requirement 2-4 has been updated to clarify situations in which a student riding both regular and specialized transportations routes in the same year may both have eligible costs for Special Education Aid and be counted for Pupil Transportation Aid. Auditors should only issue a finding for this compliance requirement if students transported only on a specialized route for an entire year were counted for Pupil Transportation Aid.

To correspond with the change in Compliance Requirement 1-1, the sample Special Education Management Representation Letter has also been updated. The sample letter can be found at: https://dpi.wi.gov/sites/default/files/imce/sfs/doc/Spec_Ed_Rep_Letter_May_2020_Version.doc.

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.

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>.

Office of Management and Budget (OMB) Compliance Supplement

The 2020 OMB Compliance Supplement has not yet been released. OMB has stated its goal is to issue the final Supplement by the end of June 2020. However, this could change due to the current COVID-19 situation. At present it is unknown whether the Compliance Supplement will include any items related to CARES Act funding for schools.

The 2019 Compliance Supplement remains available at: <https://www.whitehouse.gov/wp-content/uploads/2019/09/2-CFR-Part-200-Appendix-XI-Compliance-Supplement-August-2019-FINAL-v2-09.19.19.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>.

Schedule of Expenditures of Federal Awards and State Awards

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 LEA of all federal and state awards paid by DPI with corresponding identifying numbers is available at: <https://apps6.dpi.wi.gov/AID>.

The “Additional Audit and Reporting Requirements” document in the Wisconsin School District Audit Manual includes a requirement that Schedule of Expenditures of Federal and 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 at:

<https://dpi.wi.gov/sfs/finances/auditors/audit-manual#C%20-%203>.

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. LEAs 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 LEA about being assigned as a WISEgrants user. WISEgrants is located at: <https://dpi.wi.gov/wisegrants/web-portal>. The left side of the page has general and auditor-specific technical assistance.

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

The Special Education Team has information for reviewing IDEA's 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 LEA were asked for more information during our reviews of 2018-2019 findings reported as of June 30, 2019, please incorporate that information into any findings that reoccur in 2019-2020 as of June 30, 2020.

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 independent charter school audits. If you have not submitted your most recent peer review report to DPI, please email it to Kendra.neuman@dpi.wi.gov as soon as possible.

Important Dates/Timeline

The timeline for fiscal year 2019-20 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	7/13/2020	9/18/2020
Special Education No Valid License/Questioned Cost Worksheet	Auditor	7/13/2020	9/18/2020
Audited Financial Statement Report Package	Auditor	N/A	12/1/2020

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.