Training 3-3: Auditor Authorization Form

Welcome to the Wisconsin Department of Public Instruction's training module on the Private School Choice Programs. We will refer to the Private School Choice Programs as "Choice" or "Choice program" throughout this training. The Choice program is governed by Wis. Stat. §§ 119.23 and 118.60, as well as Wis. Admin. Codes PI 35 and 48. Provisions of this training module are subject to statutory and rule changes.

This training module will discuss the Auditor Authorization Form.

Required Audits & Agreed-Upon Procedures Reports

- The school must select an auditor to complete the following:
  - September Enrollment Audit
  - Fiscal & Internal Control Practices Report
  - January Enrollment Audit
  - Financial Audit

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DPI requires that the school provide agreed-upon procedure reports and an audit at different times of the year. They are as follows:

1. September Enrollment Audit
2. Fiscal and Internal Control Practices Report
3. January Enrollment Audit
4. Financial Audit

The school must hire an independent auditor to complete these reports.

DPI has a list of auditors who currently complete Choice audits available on the Private School Choice webpage at: https://dpi.wi.gov/sms/choice-programs/auditor. Schools may choose an auditor from the list or may engage the services of an interested auditor who complies with the DPI auditor requirements.

Auditor License Requirements

- Wis. Admin Codes §§ PI 35.12 (6) and PI 48.12 (6) specify the license requirements.
- Auditing Firm: The auditing firm that is engaged by a school to complete the audits and agreed-upon procedure reports shall be licensed as a certified public accounting firm by the accounting examining board.
- Individual Auditor: The individual auditor who signs the engagement letter for the audits and agreed-upon procedure reports shall be a licensed certified public accountant by the accounting examining board. The DPI must not have barred the auditor.

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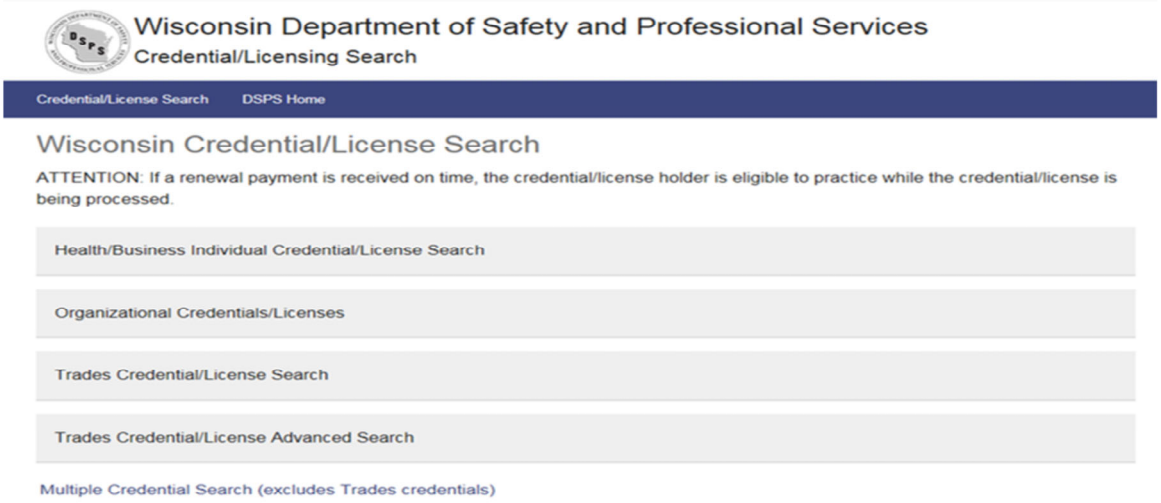
Selecting an auditor requires the school to verify that the firm and individual auditor on the engagement letter are licensed by the accounting examining board. This is a requirement in Wisconsin Administrative Codes §§ PI 35.12 (6) and PI 48.12 (6). Additionally, the DPI must not have barred the auditor.

Auditor License Requirements (cont)



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To verify the firm and the individual have the required license, the school will need to go to the Wisconsin Department of Safety and Professional Services website at https://app.wi.gov/licensesearch. The school must use the "Health/Business Individual Credential/License Search" to determine if the individual auditor has a license and the "Organizational Credentials/Licenses" search to determine if the firm has a license.

Audit Firm License Look Up

Organizational Credentials/Licenses

Utilize one of the search options below:

- Select a Profession and a Credential/License Number OR
- Select a Profession and enter an Organization Name or partial Organization Name

Credential/License Number **(What is this?)**

License Number

Professions **(What is this?)**

--- Select One ---

Organization Name

Firm Name

Search

To determine if an audit firm has a license, the school will need to click on “Organizational Credentials/Licenses” link on the Wisconsin Department of Safety and Professional Services website. The school will need to enter the audit firm’s name under the “Organization Name” section and select “Accounting Firm” from the “Professions” drop down menu. Once these boxes are filled in, the school will need to click on “Search”. The school must ensure the license is current based on the expiration date.

Individual Auditor License Look Up

Health/Business Individual Credential/License Search

- Select a Profession and enter a Credential/License Number OR
- Select a Profession and enter a Last Name OR
- Enter a Last Name and a First Name OR
- Enter a Last Name and a Credential/License Number

Last Name **(Hint)**

Last Name

First Name **(Hint)**

First Name

Credential/License Number **(What is this?)**

License Number

Professions **(What is this?)**

--- Select One ---

Search

To determine if a specific auditor is a licensed certified public accountant, the school will need to click on “Health/Business Individual Credential/License Search” link on the Wisconsin Department of Safety and Professional Services website. The school will need to enter the first and last name of the individual auditor and select “Certified Public Accountant” from the “Professions” drop down menu. Once these boxes are filled in, the school will need to click on “Search”. The school must ensure the license is current based on the expiration date.

Once the school has confirmed the individual auditor and the audit firm’s licenses are current, it can proceed with the auditor selection process.

Auditor Selection

- Auditor Authorization Form
  - In order to select or change an auditor, the school must complete the Auditor Authorization Form.
  - The form must be submitted before DPI can disclose any school or student information to the school's audit firm.
  - Both the school and the auditor must fill out the form and sign it.
- New schools to the Choice programs must mail or email the Form to DPI by August 15th.

The Auditor Authorization Form needs to be filled out with the selected auditor.

The purpose of the form is to authorize the auditor to receive school information and gain access to the Online Application System, or OAS, so the auditor can perform the required audits.

Schools that are new to the Choice program should submit the form to the DPI by August 15th. A continuing school only needs to submit a new Auditor Authorization Form if it would like to change its auditor.

The Auditor Authorization Form is on the Choice Auditor webpage https://dpi.wi.gov/sms/choice-programs/auditor.

Completion & Submission of Form

- Section I – Completed by the school.
- Section II – Completed by the auditor accepting engagement.
- Section III – Completed by owner or head of school's governing board.
- Form must be signed by the Choice Administrator and auditor.
- Instructions for submitting the form are included at the top of the form.

Section I of the Auditor Authorization Form needs to be filled out by the school.

Section II of the form needs to be filled out by the auditor accepting the engagement.

Section III of the form needs to be filled out by the owner or head of the school's governing board. Make sure the title of the authorized individual is identified in Section III by checking the appropriate box for Head of the Governing Board for a nonprofit school or Owner if the school is a for profit.

The form needs to be signed by the school Choice administrator and auditor, as well as the head of the school's governing board or owner. Once the form has all the required signatures, the school must mail or email the form to the DPI at one of the addresses indicated at the top of the form.

Independence Requirements

- No compilation or review services may be provided by the school's auditor unless the school makes available a trial balance, based on the school's general ledger established as part of the financial accounting system, for the compilation or review services.

Wisconsin law requires auditors of Choice schools to be independent of the schools they are auditing.

A requirement for compilation and review services is that the school must provide the trial balance so the auditor can create the financial statements. An example of a compilation service would be when the auditor compiles the financial statements for the financial audit, which is required for all schools participating in the Choice program.

Independence Requirements (cont)

- An auditor that performs the audit, compilation, or review services may not provide payroll services or general accounting services to the schools they audit.

The selected auditor may not provide accounting or payroll services to the school they will be auditing. General accounting services would include posting, or preparing for posting, original or source document transactions such as cash receipts and disbursements, invoices or billings for services, billings from vendors and suppliers, payroll activity and other typical recurring financial transactions to the school's general ledger.

Independence Requirements (cont)

- If the school posts adjusting, correcting, and closing journal entries proposed by the auditor to the private school's general ledger the following are required:
  - Written approval of the private school's management, and
  - The auditor's working papers must document evidence of management approval for all such entries.

The school must have written approval from the school's management to post transactions suggested by the auditor.

If there are several adjusting entries, the school can provide written approval for them all together instead of individually. The auditor must keep the documentation of the approvals in his/her work papers.

Independence Requirements (cont)

- If the auditor assists in the preparation of the budget, he/she must meet the following requirements:
  - Identify assistance was provided as required by the department, and
  - Comply with Wisconsin Administrative Code § Accy 1.201 (1) (e).

If the auditor prepares the DPI Budget and Cash Flow Report that is submitted to the DPI, the auditor must indicate his/her name in Section III on the cover page of the budget. The auditor must be listed in this section if he/she assists with any part of the budget preparation. If the auditor assists with the budget, he/she must also comply with Wisconsin Administrative Code § Accy 1.201 (1) (e), which requires the auditor to meet certain requirements since forecasts are used in the budget.

Written Engagement Letter

The school must have a written engagement letter with the auditor that includes all of the following:

- A statement that the auditor will comply with generally accepted auditing standards (GAAS) and the requirements in Wisconsin administrative rule.
- A statement that the auditor will comply with generally accepted governmental auditing standards (GAGAS), if governmental agencies providing funds to the school require it.
- The responsibilities of the school and the auditor in meeting the requirements in Wisconsin administrative rule.

The school will be required to sign an engagement letter with the auditor identifying the audit and agreed upon procedures the auditor will complete for the school and the amount the auditor will charge the school. The engagement letter must also specify any other services that will be provided by the auditor. The engagement letter must include statements that the auditor will comply with generally accepted auditing standards, requirements in the Wisconsin Administrative rule, and generally accepted governmental auditing standards, if applicable. The engagement letter must also identify the responsibilities of the school and auditor in meeting the requirements in Wisconsin administrative rule.