

Common Audit & Monitoring Issues with Title I and IDEA

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**SCHOOL
MANAGEMENT
SERVICES**

SPECIAL EDUCATION

TITLE I

Audit Process in General

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- **Authority and Guidance**
 - Auditing Standards Generally Accepted in the United States of America
 - Government Auditing Standards issued by the Comptroller General of the United States
 - U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement
 - State Single Audit Guidelines issued by the Department of Administration
 - Wisconsin Public School District Audit Manual

Audit Process in General

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- U.S. Office of Management and Budget (OMB)
Circular A-133 Compliance Supplement
 - Use of the supplement is mandatory
 - Identifies important compliance requirements that the Federal government expects to be included in the audit
 - ✦ Compliance supplement assists auditors in performing the required audits
 - ✦ Assists auditors so they do not need to research laws and regulations for each program
 - ✦ Assists the auditor in understanding the objectives, procedures and compliance requirements of each program

When is the auditor required to perform a federal single audit under OMB Circular A-133?

- LEAs that expend *\$500,000 or more in a year in Federal awards shall have a single audit conducted for that year.*
- The determination of when an award is expended should be based on when the activity related to the award occurs.

When is the auditor required to audit a specific federal program?

- Auditors use a risk-based approach to determine major programs (programs that will be audited for compliance)
- OMB Circular A-133 describes a four-step process to determine major programs (programs that will be audited for compliance)
 - Step 1 – Identify Type A and Type B Programs
 - Step 2 – Identify Low-risk Type A Programs
 - Step 3 – Identify High-risk Type B Programs
 - Step 4 – Determine Major Programs

Audit Procedures that Identify Federal Grant Findings

- As a condition of receiving Federal awards, the recipient agrees to:
 - comply with laws, regulations, and the provisions of contract and grant agreements
 - to maintain internal control to provide reasonable assurance of compliance with these requirements.

Audit Procedures that Identify Federal Grant Findings

- OMB Circular A-133 requires auditors to obtain an understanding of internal control over Federal programs to sufficiently plan the audit
 - Auditor is required to obtain an understanding of the internal controls in place over federal grants
 - Test the internal controls

Types of Compliance Requirements	IDEA Grants	Title I Grants
Activities Allowed or Unallowed	Yes	Yes
Allowable Costs/Cost Principles	Yes	Yes
Cash Management	Yes	Yes
Davis-Bacon Act	Yes	No
Eligibility	No	Yes
Equipment and Real Property Management	Yes	Yes
Matching, Level of Effort, Earmarking	Yes	Yes
Period of Availability of Federal Funds	Yes	Yes
Procurement and Suspension and Debarment	Yes	Yes
Reporting	Yes	Yes
Subrecipient Monitoring	Yes	Yes
Special Tests and Provisions	Yes	Yes

Activities Allowed or Unallowed

- Unique to each program
 - ✦ Found in the provisions of the contract or grant agreement
- Compliance Testing
 - ✦ Determine activities allowed
 - ✦ From sample of transactions
 - Verify activities were allowable
 - Individual transactions are properly classified

Types of Compliance Requirements

Allowable Costs / Cost Principles

- OMB cost principles circular A-87
 - ✦ establishes principles and standards for determining allowable direct and indirect costs for Federal awards
 - ✦ applies to all Federal awards, regardless of whether the awards are received directly from the Federal Government or indirectly through a pass-through entity
- Compliance Testing
 - ✦ Determine principles allowed per A-87 are followed
 - ✦ From sample of transactions
 - Verify activities were allowable
 - Verify activities as direct or indirect
 - Documentation for the indirect cost rate

Types of Compliance Requirements

Allowable Costs / Cost Principles

- Compensation for Personnel Services (includes salaries, wages, and fringe benefits)
 - ✦ Compensation considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the governmental unit
 - ✦ Time and Effort Reporting
 - Allowable if costs are reasonable, comparable for similar work, and charges are supported with time distribution records or other documentation as stipulated in OMB A-87.

Types of Compliance Requirements

Allowable Costs / Cost Principles

- Compensation for Personnel Services (includes salaries, wages, and fringe benefits)
 - ✦ Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification
 - ✦ These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee

Types of Compliance Requirements

Allowable Costs / Cost Principles

- Compensation for Personnel Services (includes salaries, wages, and fringe benefits)
 - ✦ Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports

Types of Compliance Requirements

Cash Management

Cost reimbursement basis - program costs must be paid for before reimbursement is requested from the grant.

When funds are advanced there are procedures to minimize the time between the transfer of funds from the State and disbursement.

Compliance Testing

- Sample advanced receipts (rare)
- Sample reimbursement requests and trace to supporting documentation showing that the costs for which reimbursement was requested were paid prior to the date of the reimbursement request

Types of Compliance Requirements

Davis-Bacon Act

- All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL
- Contracts should include
 - ✦ provision that the contractor or subcontractor comply with this requirement
 - ✦ requirement for the contractor or subcontractor to submit to the district weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls)

Types of Compliance Requirements

Davis-Bacon Act

- Compliance Testing
 - ✦ Select a sample of construction contracts and subcontracts greater than \$2000
 - ✦ Verify that the required prevailing wage rate clauses were included
 - ✦ Verify that the contractor or subcontractor submitted weekly the required certified payrolls
 - ✦ Auditors are not expected to determine whether prevailing wage rates were paid

Types of Compliance Requirements

Eligibility

○ Title I

- ✦ Provides funds to school districts and schools with high numbers or high percentages of children who are disadvantaged
- ✦ Based on poverty levels as determined by federal census data

○ Compliance Testing

- ✦ Obtain a copy of the approved application or plan and identify the applicable eligibility requirements
- ✦ Perform procedures to verify that the school was eligible

Types of Compliance Requirements

Equipment & Real Property Management

- **OMB Circular A-102**
- Equipment is used in the program for which it was acquired or, when appropriate, other Federal programs
- Equipment records shall be maintained
- Physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records
- An appropriate control system shall be used to safeguard equipment
- Equipment shall be adequately maintained.

Types of Compliance Requirements

Equipment & Real Property Management

- When equipment with a current per unit fair market value of \$5000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate amount of the current fair market value.
- Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

Types of Compliance Requirements

Equipment & Real Property Management

○ Compliance Testing

- ✦ Obtain copy of policies and procedures for equipment management and ascertain if they comply with the appropriate policies and procedures
- ✦ Select a sample of equipment transactions and test for compliance with policies and procedures for management and disposition of equipment.

Types of Compliance Requirements

Equipment & Real Property Management

○ Compliance Testing

Management of Equipment

- ✦ Inquire if a required physical inventory of equipment was taken within the last two years.
- ✦ Test whether any differences between the physical inventory and equipment records were resolved.
- ✦ Identify equipment and trace selected purchases to the property records.

Types of Compliance Requirements

Equipment & Real Property Management

○ Compliance Testing

Management of Equipment

- ✦ Verify that the property records contain the appropriate information (description, source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any disposition data)
- ✦ Select a sample from all equipment identified from the property records and physically inspect the equipment
- ✦ Verify whether the equipment is appropriately safeguarded and maintained.

Types of Compliance Requirements

Equipment & Real Property Management

○ Compliance Testing

Disposition of Equipment

- ✦ Determine the amount of equipment dispositions for the audit period and perform procedures to verify that dispositions were properly classified between equipment acquired under Federal awards and equipment otherwise acquired.

Types of Compliance Requirements

Equipment & Real Property Management

○ Compliance Testing

Disposition of Equipment

- ✦ For dispositions of equipment acquired under Federal awards, perform procedures to verify that the dispositions were properly reflected in the property records
- ✦ For dispositions of equipment acquired under Federal awards with a current per-unit fair market value of \$5000 or more, test whether the awarding agency was reimbursed for the appropriate Federal share

Types of Compliance Requirements

Matching, Level of Effort, Earmarking

○ Matching

- ✦ Requirement to provide contributions (usually non-Federal) of a specified amount or percentage to match Federal awards
- ✦ Not applicable to Title I and IDEA

Types of Compliance Requirements

Matching, Level of Effort, Earmarking

- Level of Effort
 - ✦ Level of effort includes requirements for
 - (a) a specified level of service to be provided from period to period,
 - (b) a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period, and
 - (c) Federal funds to supplement and not supplant non-Federal funding of services

Types of Compliance Requirements

Matching, Level of Effort, Earmarking

○ Level of Effort

✦ IDEA

- Supplement Not Supplant not applicable
- Maintenance of Effort applies
 - Funds received cannot be used, except under certain limited circumstances, to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds, or a combination of State and local funds, below the level of those expenditures for the preceding fiscal year

Types of Compliance Requirements

Matching, Level of Effort, Earmarking

○ Level of Effort

✦ Title I

- Supplement Not Supplant applies

✦ Compliance Testing

- Supplement Not Supplant applies
 - Identify the federally funded services
 - Perform procedures to determine whether the services claimed were previously provided with non-Federal funds.
 - Perform procedures to determine if the total level of services increased in proportion to the level of Federal contribution.

Types of Compliance Requirements

Matching, Level of Effort, Earmarking

○ Level of Effort

✦ Title I

- Maintenance of Effort applies

Compliance Testing

- Maintenance of Effort

- Identify the required level of effort and perform tests to verify that the level of effort requirement was met.

Types of Compliance Requirements

Matching, Level of Effort, Earmarking

Compliance Testing

○ Maintenance of Effort

- Perform test to verify that only allowable categories of expenditures or other effort indicators (e.g., hours, number of people served) were included in the computation and that the categories were consistent from year to year.
- Perform procedures to verify that the amounts used in the computation were derived from the books and records from which the audited financial statements were prepared.
- Perform procedures to verify that non-monetary effort indicators were supported by official records

Types of Compliance Requirements

Matching, Level of Effort, Earmarking

○ Earmarking

- ✦ Requirement that a minimum and/or maximum amount or percentage of the program's funding must/may be used for specified activities
- ✦ Individual State grant award documents identify the amount of funds a State must distribute to each LEA on a formula basis

Types of Compliance Requirements

Period of Availability of Federal Funds

- **OMB Circular A-110**
- The federal award may specify a time period during which the Federal funds may be used.
- The LEA may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency.
- If the Federal program authorizes, unobligated balances may be carried over and charged for obligations of a subsequent funding period.

Types of Compliance Requirements

Period of Availability of Federal Funds

- Obligations –
 - ✦ Occur during a given period that will require payment during the same or a future period
 - Orders placed
 - Contracts
 - Goods and services received
 - Similar transactions
- All obligations incurred under the award should be paid no later than 90 days after the end of the funding period

Types of Compliance Requirements

Period of Availability of Federal Funds

○ **Compliance Testing**

- ✦ Review award documents and regulations to determine specific requirements related to the period of availability
- ✦ Test transactions charged to the Federal award after the end of the period of availability to verify that
 - obligations occurred within the period of availability
 - payment was made within the allowed time period

Types of Compliance Requirements

Period of Availability of Federal Funds

○ **Compliance Testing**

- ✦ Test transactions that were recorded during the period of availability and verify that the obligations occurred within the period of availability
- ✦ Test journal entries made by the LEA to the Federal funds and verify that these adjustments were for transactions that occurred during the period of availability

Types of Compliance Requirements

Procurement and Suspension & Debarment

Procurement

- ✦ OMB Circular A-110
- ✦ Shall use the same State policies and procedures used for procurements from non-Federal funds.
- ✦ Ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations

○ Compliance Testing

- Test a sample of procurements to ascertain if the State's laws and procedures were followed and that the policies and procedures used were the same as for non-Federal funds.

Types of Compliance Requirements

Procurement and Suspension & Debarment

- Suspension and Debarment
 - ✦ Prohibited from contracting with parties that are suspended or debarred or whose principals are suspended or debarred.
 - ✦ Must verify that the entity is not suspended or debarred or otherwise excluded.
 - ✦ This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the *General Services Administration (GSA)*, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity

Types of Compliance Requirements

Procurement and Suspension & Debarment

○ Compliance Testing

- ✦ Test whether the LEA performed a verification check for covered transactions, by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity; and
- ✦ Test the sample of procurements against the EPLS, and ascertain if covered transactions were awarded to suspended or debarred parties

Types of Compliance Requirements

Reporting

- Financial Reporting
 - ✦ As specified by the State (pass-through entity)

- Performance Reporting
 - ✦ Generally contain brief information of the following types:
 - A comparison of actual accomplishments with the goals and objectives established for the period.
 - Reasons why established goals were not met, if appropriate.
 - Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Types of Compliance Requirements

Reporting

- Special Reporting
 - ✦ May be required to submit other reporting
 - ✦ Determined by individual grant

- Section 1512 ARRA Reporting
 - ✦ Required of the State
 - ✦ Requires additional information from LEA to complete the 1512 Reporting

Types of Compliance Requirements

Reporting

- Compliance Testing (Financial, Performance and Special Reporting)
 - ✦ Review applicable laws, regulations, and the provisions of contract or grant agreements for reporting requirements
 - ✦ Determine the types and frequency of required reports
 - ✦ Obtain and review instructions for completing the reports.
 - For financial reports, ascertain the accounting basis used in reporting the data
 - For performance and special reports, determine the criteria and methodology used in compiling and reporting the data.

Types of Compliance Requirements

Reporting

- Compliance Testing (Financial, Performance and Special Reporting)
 - ✦ Review applicable laws, regulations, and the provisions of contract or grant agreements for reporting requirements
 - ✦ Determine the types and frequency of required reports
 - ✦ Obtain and review instructions for completing the reports.
 - For financial reports, ascertain the accounting basis used in reporting the data
 - For performance and special reports, determine the criteria and methodology used in compiling and reporting the data.

Types of Compliance Requirements

Reporting

○ Compliance Testing (Financial, Performance and Special Reporting)

- ✦ Perform appropriate analytical procedures:
- ✦ Comparing current period reports to prior period reports
- ✦ Comparing anticipated results to the data included in the reports.
- ✦ Comparing information obtained during the audit of the financial statements to the reports.

Types of Compliance Requirements

Reporting

- Compliance Testing (Financial, Performance and Special Reporting)
 - ✦ Select a sample of each of the following report types:
 - ✦ Financial reports
 - ✦ Ascertain if the financial reports are complete and accurate, were prepared in accordance with the required accounting basis, and were submitted timely
 - ✦ Trace the amounts reported to accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards and verify agreement or perform alternative procedures to verify

Types of Compliance Requirements

Reporting

- Compliance Testing (Financial, Performance and Special Reporting)
 - ✦ Select a sample of each of the following report types:
 - Performance and special reports
 - Trace the reported data to records that accumulate and summarize data.
 - Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.

Types of Compliance Requirements

Reporting

- Compliance Testing (Financial, Performance and Special Reporting)
 - ✦ Select a sample of each of the following report types (continued):
 - When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to the data.
 - Test mathematical accuracy of reports and supporting worksheets

Types of Compliance Requirements

Reporting

- Test the selected reports for accuracy and completeness.
 - ✦ **Financial reports**
 - Review accounting records and ascertain if all applicable accounts were included in the sampled reports
 - ✦ **Performance and special reports**
 - Review the supporting records and ascertain if all applicable data elements were included in the sampled reports.

Types of Compliance Requirements

Reporting

- Test the selected reports for accuracy and completeness.
 - ✦ For each type of report—
 - When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to the data.
 - Test mathematical accuracy of reports and supporting worksheets.

Types of Compliance Requirements

Reporting

- Test the selected reports for accuracy and completeness.

Obtain written representation from management that the reports provided to the auditor are true copies of the reports submitted

Types of Compliance Requirements

Special Tests and Provisions

- Unique to each Federal program
- Found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program

Types of Compliance Requirements

Special Tests and Provisions

○ **IDEA**

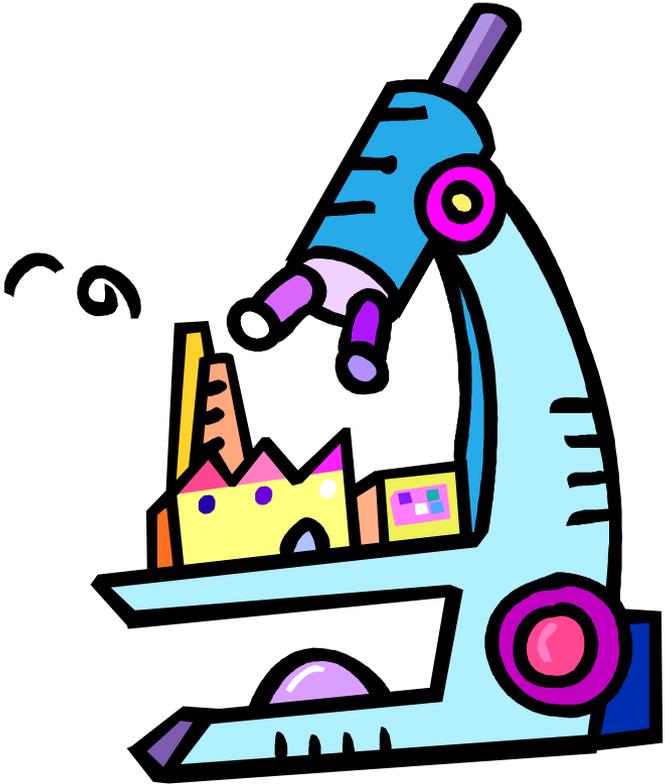
- ✦ Schoolwide Programs
- ✦ Access to Federal Funds for New or Significantly Expanded Charter Schools

○ **Title I**

- ✦ Participation of Private School Children
- ✦ Schoolwide Programs
- ✦ Comparability
- ✦ Access to Federal Funds for New or Significantly Expanded Charter Schools
- ✦ Identifying Schools and LEAs Needing Improvement

Types of Compliance Requirements

COMMON AUDIT FINDINGS



Internal Control Deficiencies



- **Common Control Deficiencies**
 - May be a Financial Statement Findings and/or Federal and State Financial Assistance Findings and Questioned Costs
 - ✦ Segregation of Duties
 - ✦ Financial Accounting and Reporting
 - ✦ Material Adjustments

COMMON AUDIT FINDINGS

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- **IDEA Flow Through**

- **Finding**

- ✦ Unallowed administrative costs were charged to the program
- ✦ Due to a lack of oversight and approval of charges made to the program.
- ✦ Auditor recommended that a greater review be made of all charges made to all federal programs
- ✦ The district agreed with this finding and will be performing a greater review of charges to federal programs.
- ✦ The District will also be amending its claim form

- **DPI Response**

- ✦ District repaid the questioned amount
- ✦ Finding sustained and the district told to implement the review procedures on all administrative expenditures charged to federal programs

COMMON AUDIT FINDINGS

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- **IDEA Flow Through**

- **Finding**

- ✦ Claimed 100% of the cost to purchase software that was used for administering the Medicaid School-Based Services Program
 - ✦ District was unaware that costs for administering the Medicaid SBS Program may not be charged to the IDEA Program
 - ✦ Auditor recommended the District review allowable IDEA program costs and allocate expenses
 - ✦ District understands the importance of claiming only allowable costs. They have taken corrective measures and are no longer allocating expenses for administering the Medicaid SBS program to the IDEA program.

- **DPI Response**

- ✦ District repaid the questioned amount
 - ✦ Finding sustained and the district told to implement the review procedures on all administrative expenditures charged to federal programs

COMMON AUDIT FINDINGS

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- IDEA Flow Through and Title I

- **Finding**

- ✦ Claimed reimbursement for computer software and servers not directly related to the special education program or the Title I program
- ✦ The Software and server was purchased for all students in the elementary, middle schools
- ✦ The District's budget was approved by the DPI for the costs of the software and servers
- ✦ Not an excess cost, and therefore not allowed for IDEA
- ✦ Not for the exclusive use of Title I students and therefore not allowed for Title I

COMMON AUDIT FINDINGS

ALLOWABLE COSTS

- **IDEA Flow Through and Title I**
 - **DPI Response**
 - ✦ When submitting claims for reimbursement verify that the costs are allowable under the grant agreement and in accordance with the OMB Circular A-87

COMMON AUDIT FINDINGS

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- **Unlicensed Staff**
- **IDEA**
 - **Finding**
 - ✦ Special Education Teacher not properly licensed
 - ✦ Recommended district review staff each year for appropriate license
 - ✦ District agrees and will be sure individual is properly licensed for following year
 - **DPI Response**
 - ✦ Return of the funds
 - ✦ Implement procedures to verify staff are appropriately licensed

COMMON AUDIT FINDINGS

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- **Use of Project Codes**
- **IDEA Flow Through and Title I (ARRA)**
 - **Finding**
 - ✦ Not segregating all of the ARRA grant expenditures by not using project codes to track all of the ARRA grant expenditures
 - ✦ ARRA reporting requires all expenditures for these grants need to be accounted for separately
 - ✦ Recommended that the District record all ARRA grant expenditures to the proper project code and submit quarterly grant reimbursements based on those expenditures
 - ✦ School will record all ARRA grant expenses to the proper project code.

COMMON AUDIT FINDINGS

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- **Time and Effort Reporting**
- **IDEA and Title I**
 - **Finding**
 - ✦ Payroll certifications were not prepared to support the salaries of individuals tested
 - ✦ Salary costs were not documented in accordance with OMB Circular A-87
 - ✦ The District's management was unaware of the requirement under OMB Circular A-87
 - ✦ Auditor recommend that the District obtain semi-annual payroll certifications and timesheets for all employees funded by Federal programs
 - ✦ The District continues to work on a system to ensure proper documentation of federal program payroll expenditures
 - ✦ School Board will be monitoring

COMMON AUDIT FINDINGS

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- **Time and Effort Reporting**
- **IDEA and Title I**
 - **DPI Response**
 - ✦ The District needs to implement stronger control over personnel costs charged to federal programs
 - ✦ The District management was unaware of the requirement to ensure the preparation of after-the-fact periodic certifications or personnel activity reports.
 - ✦ The District provided an auditee response that did not include an appropriate corrective action plan
 - ✦ DPI worked with the district on a plan

COMMON AUDIT FINDINGS

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- **Excess Salaries Charged**
- **IDEA**
 - **Finding**
 - ✦ The District claimed 100% of the salary and benefits of an employee for the IDEA program.
 - ✦ This employee only spends 90% of their time working with the IDEA program. Therefore, only 90% of their wages should be expensed to the program
 - ✦ Miscommunication between the IDEA program office and the accounting department

COMMON AUDIT FINDINGS

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- **Excess Salaries Charged (cont.)**
- **IDEA**
 - ✦ Auditor recommended the District perform an evaluation to determine what percent of this and other employees' total time is spent working on the IDEA program then adjust accounting records accordingly.
 - ✦ The District understands the importance of proper allocation. They have taken corrective measures and are now properly allocating salary and benefits to the IDEA program.

COMMON AUDIT FINDINGS

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- IDEA
 - **DPI Response**
 - ✦ District must return dollars in federal payroll expenditures that were reimbursed under the ARRA flow-through program
 - ✦ Once deposited, the district's web-based ARRA claim was adjusted to lower the "Expenditures to Date" amount

COMMON AUDIT FINDINGS

C A S H M A N A G E M E N T

- **Title I**

- **Finding**

- ✦ Drew down Title I funds before incurring the expenditure
 - ✦ Lack of controls in place to prevent the drawdown prior to the expenditure
 - ✦ Auditor recommended that procedures be put in place to verify expenditure occurred prior to the claim.
 - ✦ District agreed no claims will be filed prior to the expenditure

- **DPI Response**

- ✦ District must implement the procedures to comply with the cash management requirements which include incurring the expenditures prior to claim submission
 - ✦ The federal finding reported did not include specific transactions or amounts that were unallowed or questioned. Therefore, the district does not need to provide any further documentation.

COMMON AUDIT FINDINGS

DAVIS-BACON ACT

- **IDEA**

- **Finding**

- ✦ District was unable to demonstrate that they met the requirements of Davis Bacon for an elevator project charged to the Special Education Grant
 - ✦ Auditor recommended district establish policies and procedures to properly identify compliance requirements for the federal grants and ensure compliance is occurring
 - ✦ District will work to identify applicable compliance requirements and implement policies and procedures
 - ✦ Anticipated implementation date of September 2010

- **DPI Response**

- ✦ District must implement policies and procedures to comply with Davis-Bacon
 - ✦ The district must also provide documentation adequate to support the allowability of the elevator contractor payroll expenditures charged to the federal grant or return the dollars in questioned costs to DPI

COMMON AUDIT FINDINGS

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- **IDEA**
 - **Finding**
 - ✦ District failed to meet any of the four maintenance tests
 - ✦ District will consult with DPI to see if any exceptions apply
 - **After review by DPI**
 - ✦ Exceptions were found and the district is now maintaining effort
 - ✦ Some exceptions were found but the district still failed to maintain effort

COMMON AUDIT FINDINGS

R E P O R T I N G

- **Special Education Student Counts**
 - Report an unduplicated count of children with disabilities currently receiving special education services to the Wisconsin Department of Public Instruction, (DPI).
 - One student included on the list had graduated two years ago and was not currently receiving services
 - The list of students sent to DPI was a report generated from the District's IEP software program. The report was not reviewed for accuracy by District personnel prior to submission.

COMMON AUDIT FINDINGS

R E P O R T I N G

- **Special Education Student Counts (cont.)**
 - The District incorrectly reported the total number of students receiving special education services in at least one instance; it was not considered possible to accurately determine the actual number of students who should have been reported and the related questioned costs
 - Auditor recommended the District develop procedures to review the report prior to submission to the DPI and verify that it is including the appropriate students

COMMON AUDIT FINDINGS

R E P O R T I N G

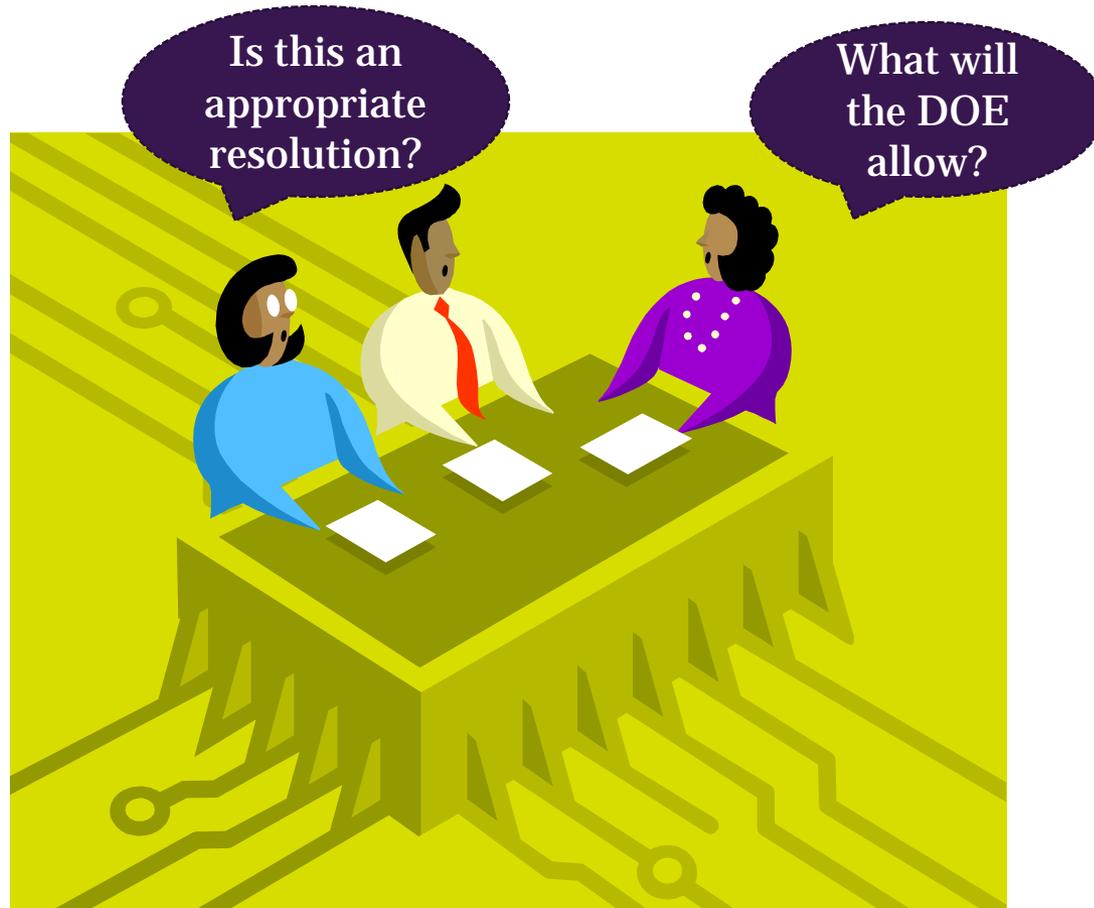
- **Special Education Student Counts (cont.)**
 - The District incorrectly reported the total number of students receiving special education services in at least one instance; it was not considered possible to accurately determine the actual number of students who should have been reported and the related questioned costs
 - Auditor recommended the District develop procedures to review the report prior to submission to the DPI and verify that it is including the appropriate students

COMMON AUDIT FINDINGS

R E P O R T I N G

- **Special Education Student Counts (cont.)**
 - **DPI Response**
 - ✦ District must implement the cross-checks and an approval process as explained in the corrective action plan

DPI PROCESS



Auditor Reports Finding



- Program
- Criteria
- Condition
- Questioned Cost
- Effect
- Recommendation
- Districts' Response - Corrective Action Plan
- Prior Year's Findings and Questioned Costs

DPI Follow-up and Resolution to Federal Audit Findings



- **Audit Finding filed with DPI**
- **DPI School Finance Reviews**
- **School Finance Auditor provides appropriate program staff with the finding**
- **Program staff follow up with district**
 - Resolution required
 - Follow up in subsequent year
 - Fiscal Monitoring

OMB Circular A-133



- Requires the State as the pass-through agency to issue a management decision on audit findings within six months after receipt of the audit report and ensure that appropriate and timely corrective action is taken.
- The management decision shall clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected action to repay disallowed costs, make financial adjustments or take other action.
- Prior to issuing the management decision, the State may request additional information or documentation
- The management decision should describe any appeal process available

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