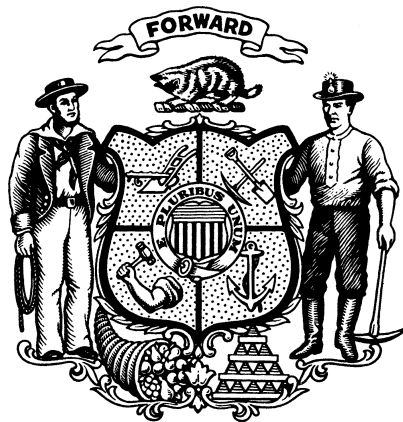


Appendix to the State Single Audit Guidelines for Programs from the Department of Public Instruction



2016 Revision

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2016 Revision Table of Contents

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1 Appendix Revisions

1.1 Revisions made in April 2016

The following are notable changes made to this appendix in April 2016:

- Added clarification regarding the testing of Type A programs with expenditures exceeding \$250, 000. These programs should be tested at least once every 3 years as a Type A program.
- Added section 3.9 which clarifies compliance with state statutes testing
- Designated major and designated Type A program compliance supplements are now separate documents that can found on the state single audit guidelines main page
- Guidance for auditing programs without a compliance supplement has been updated and revised.

Appendix to the State Single Audit Guidelines For Programs from the Department of Public Instruction

2016 Revision

2 Introduction

This document is part of the *State Single Audit Guidelines*, and it should be used only in context of the *Guidelines* as a whole. The *Guidelines* consist of two parts: the main document, which describes the state’s single audit policy in general terms, and the department-specific appendices, which detail audit requirements for programs from the respective departments. An auditor planning an audit needs to consult the main document and the appendices for each of the departments that provided funding to the auditee. For example, if the auditee received funding from the Department of Health Services (DHS) and the Department of Public Instruction (DPI), the auditor will need the main document, the DHS appendix, and the DPI appendix. The main document and all appendices are online at www.ssag.state.wi.us.

2.1 Audit requirement for DPI programs

Audits for Wisconsin Local Educational Agencies (LEAs) will be in accordance with standards prescribed by the department. LEAs include Wisconsin public school districts, Cooperative Educational Service Agencies, County Children with Disability Education Boards, and independently authorized charter schools. These standards are:

- *State Single Audit Guidelines*—LEAs that have audits in accordance with CFR Part 200 Subpart F, “Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Rewards (Uniform Grant Guidance)” and that received state funding from the Department of Public Instruction need to have audits in accordance with the *State Single Audit Guidelines* including this appendix to the *Guidelines*.
- *Wisconsin Public School District Audit Manual*—LEAs that do not have an audit conducted under the Uniform Grant Guidance but still have designated major state programs and designated Type A programs must have an audit of compliance with the requirements applicable to those designated state programs and must also issue a report on its system of internal control over compliance in accordance with the *Wisconsin Public School District Audit Manual*. The Wisconsin Public School District Audit Manual can be found at <http://dpi.wi.gov/sfs/finances/auditors/audit-manual>.

2.2 Programs subject to an audit

The Department of Public Instruction has not excluded any of its programs from audit coverage.

2.3 General compliance requirements

The Department of Public Instruction has identified General Compliance Requirements ([Section 3](#)) that are to be included in all audits of entities that receive funding from the department and that are audited under the *State Single Audit Guidelines*. The compliance testing must be

performed whether or not the auditee has major programs from the department.

2.4 Designated state major programs

The Department of Public Instruction has designated certain programs to be state major programs (see Section 3.4 of the Main Document, online at www.ssag.state.wi.us) when agencies receive these programs directly from the department. These programs are to be tested as major programs in all audits for which the auditee receives funding for these programs directly from the department:

Designated major programs

Section 4.1 General Aids

2.5 Designated Type A programs

The Department of Public Instruction has designated two programs to be a Type A programs (see Section 3.4 of the Main Document, online at www.ssag.state.wi.us). These programs must have a risk assessment completed annually and be tested as major if the program is not low risk. Other state programs are also considered Type A if expenditures under those programs exceed \$250,000. Designated Type A programs must be tested at least once every 3 years.

Designated Type A program

Section 4.2 Special Education and School Age Parents Aid
Section 4.3 Pupil Transportation Aid

2.6 Letter notification

The Department of Public Instruction requires a complete Single Audit Report be filed electronically with department rather than letter notification.

2.7 Funding sources

Information on federal and state funding sources for programs from the Department of Public Instruction is online at <http://dpi.wi.gov/sfs/finances/aids-register/aids-register-coding>. The DPI aids register is used for confirmation of payments from this department also.

2.8 Department information

The website for the Department of Public Instruction, <http://www.dpi.wi.gov>, provides information concerning the department's programs including grant administration and auditing documents.

2.9 Effective date

This revision of the *Appendix to the State Single Audit Guidelines for Programs from the Department of Public Instruction* is effective for audits of years ending on or after December 31, 2015.

2.10 Contact the department

Questions or comments on this appendix to the *State Single Audit Guidelines* can be referred to the School Financial Services Team auditors. See <http://dpi.wi.gov/sfs/communications/staff-directory> for a current list of SFS staff members. Audit reports should be sent electronically to the following email address: dpiauditreports@dpi.wi.gov. Corrective action plans and data

collection forms can also be emailed to this address.

3 General Requirements

The Department of Public Instruction has identified several requirements that are applicable to more than one program. These general requirements must be tested as part of all audits involving funding from the department, whether or not the auditee has major programs or Type A programs from the department.

Section 3.1	Insurance
Section 3.2	Budgets
Section 3.3	Expenditures/Disbursements
Section 3.4	Receipts/Revenues
Section 3.5	Other Assets
Section 3.6	Temporary Borrowing
Section 3.7	Accounting System
Section 3.8	Capital Projects and Long-Term Borrowing
Section 3.9	Compliance with State Statutes

3.1 Insurance

Compliance requirement(s)

Adequate insurance coverage must be maintained by school districts to protect against potential losses. State Statute 120.12(6) requires that all school buildings, equipment and other property be amply insured. If there are no funds in the school district treasury sufficient to pay the premium, the school board may execute a note for that purpose.

Suggested audit procedures(s)

Review insurance coverage in effect during the year to determine sufficiency of coverage. Discuss district procedures for determining adequacy of coverage and frequency of reviews and modifications.

3.2 Budgets

Compliance requirement(s)

State Statute 65.90 requires every school district to "... formulate a budget and hold public hearings thereon."

Suggested audit procedure(s)

- Verify that the budget has been adopted in accordance with State statutory requirements.
- Verify that changes in appropriations have been properly authorized.
- Determine that the prescribed accounting system is used in the budget format.

3.3 Expenditures/Disbursements

Compliance requirement(s)

School district expenditures must meet various statutory provisions:

- State Statute 120.16(2) prohibits disbursement orders from being issued in excess of appropriated amounts.
- State Statute 946.13(2) (a) prohibits purchases from district personnel in excess of \$15,000 on an annual basis.
- State Statute 118.21(1) requires teachers to have written contracts with the district.
- State Statute 118.19(1) shall employ only teachers teaching courses in fields for which they are certified.
- State Statute 120.16(2) requires that disbursements be made by checks signed by only authorized persons, and only after vouchers have been filed with the school district clerk.
- State Statute 120.11(4) requires an approved listing of disbursements be included in the Board minutes.

Suggested audit procedure(s)

Perform a test of the above statutory provisions on a randomly selected sample of expenditures of the district.

3.4 Receipts/Revenues

Compliance requirement(s)

School districts must use board-designated depositories as required by State Statute 120.12 (7) and receipts shall be deposited on a timely basis.

Suggested audit procedure(s)

Determine whether the school district:

- Is using only bank depositories properly approved by the school board by reviewing minutes of school board meetings to determine authorized depositories.
- Is depositing receipts on a timely basis by performing a test of receipts on a randomly selected number of district bank deposits.

3.5 Other Assets

Compliance requirement(s)

Determine that the school district has invested its funds only in investments authorized by state statute 66.0603(1m).

Suggested audit procedure(s)

Review district investment transactions during the year to ensure compliance with statutory regulations.

Compliance requirement(s)

State Statute 67.11 (2) states that debt service fund assets may be invested "...in any outstanding municipal obligations...; in obligations of the United States; in the local government pooled investment fund under s.25.50."

Suggested audit procedure(s)

Review investments of the debt service fund during the year to determine compliance with statutory regulations.

Compliance requirement(s)

The school board "...shall annually make an inventory of the school district property."

Suggested audit procedure(s)

Determine that an annual inventory of district property has been made.

3.6 Temporary Borrowing

Compliance requirement(s)

State statute 67.12(8) allows a school district to borrow money only upon a recorded resolution adopted by a two-thirds vote of its members. The temporary borrowing is payable on or before November 1 of the current year.

Suggested audit procedure(s)

- Review the minutes of board meetings to ensure authorization for borrowing.
- Review temporary borrowing loan document to ensure maturity date is no later than November 1.

3.7 Accounting System

Compliance requirement(s)

The school district must maintain its accounting records in accordance with the system prescribed by the state superintendent.

Suggested audit procedure(s)

Review the school district's accounting records to ensure compliance with the system prescribed by the state superintendent.

3.8 Capital Projects and Long-Term Borrowing

Compliance requirement(s)

State statute 120.10(10m) prescribes the rules concerning a Capital Expansion Fund for a school district. All funds raised pursuant to s.120.10 (10m) must be deposited in a separate fund and such funds shall not be used for any purpose except for its originally intended authorized purposes.

Suggested audit procedure(s)

Determine that all taxes levied for the Capital Expansion Fund are deposited into a segregated fund.

Review a sample of expenditures charged to the Capital Expansion Fund to determine that they have been expended for their intended purpose.

Compliance requirement(s)

Proceeds of all long-term borrowings shall be kept in separate accounts from other funds and their use shall be restricted to the purpose for which they were borrowed. All transactions related to borrowing proceeds shall be segregated in a separate fund separate and distinct from the

General Fund. Any borrowed funds not needed shall be closed out to the district's Debt Service Fund.

Suggested audit procedure(s)

Review district records regarding new long-term borrowings. Trace district deposits of proceeds in separate bank accounts in a segregated fund. Test a sample of disbursements charged from those proceeds to ensure that borrowing proceeds are being used for their designated purpose. Verify that any unused funds are transferred to the district's debt service fund.

3.9 Compliance with State Statutes

The Department of Public Instruction requires that the compliance with state statutes checklist be completed as part of all audits involving funding from the department. The completion of the compliance with state statute checklist is required whether or not the auditee has a state single audit required, major programs or Type A programs from the department. The completion of this checklist will assist auditors in completing the other general requirements in 3.1 to 3.8. The compliance with state statutes checklist can be found at <http://dpi.wi.gov/sfs/finances/auditors/audit-programs>.

4 Program Specific Guidance

Each section in this chapter is a separate document that includes compliance supplements for designated state major programs and designated Type A programs (see Section 3.4 of the Main Document, online at www.ssag.state.wi.us). Guidance for auditing other DPI programs can be found in the DPI audit manual at <http://dpi.wi.gov/sfs/finances/auditors/audit-programs>. DPI has also included guidance on auditing programs without a compliance supplement.

Designated major Programs

Section 4.1 General Aids

Designated Type A program

Section 4.2 Special Education and School Age Parents Aid

Section 4.3 Pupil Transportation Aid

Section 4.4 *Programs without a Compliance Supplement*

Note that the DPI audit manual will contain information on auditing other programs that are not designated major programs or designated Type A programs.