

# Audit Program for Special Education and School-Age Parents Aid

*State ID #255.101*

Updated for audits of the 2016-17 school year

## Purpose and Description

The purpose of the audit program in this document is to evaluate an LEA's compliance with the eligibility and program requirements of Special Education and School-Age Parents (SAP) Aid. School districts and other eligible LEAs receive partial reimbursement for certain instructional, transportation, and other costs of special education and related services in the prior year. More information on this categorical aid program is available at <http://dpi.wi.gov/sfs/aid/special-ed/sped-sap/overview>.

The audit program is divided into three parts:

- Part 1, which begins on page 1, is required for **all LEAs every year**.
- Part 2, which begins on page 5, is required for **LEAs receiving at least \$250,000 in aid under this program**. Part 2 must be completed in the first year an LEA qualifies and at least once every three years thereafter.
- Part 3, which begins on page 10, is required for **LEAs receiving less than \$250,000 but at least \$25,000 in aid under this program**. Part 3 must be completed in the first year an LEA qualifies and at least once every three years thereafter.

If an LEA receives less than \$25,000 in aid under this program, the auditor only needs to complete Part 1 unless they determine through their risk assessment that an audit is necessary, in which case Part 3 would be used.

## No Valid License/Questioned Costs (NVL/QC) Worksheet

School districts and other eligible LEAs begin receiving payments of Special Education and SAP Aid before audited financial statements are completed and submitted to DPI. In order to avoid potential overpayment issues, auditors are required to report questioned costs identified through this program as soon as possible.

The No Valid License/Questioned Costs (NVL/QC) Worksheet is an Excel document available at <http://dpi.wi.gov/sfs/finances/auditors/audit-programs>. Auditors record questioned cost information on this worksheet as they complete this audit program. Costs identified on the worksheet must reflect the LEA's completed PI-1505-SE Special Education Annual Report—the LEA should not recode expenses after the worksheet is submitted.

Once it is completed, the auditor submits the Excel version of the NVL/QC Worksheet—not a PDF or scan—by email to [dpisfsreports@dpi.wi.gov](mailto:dpisfsreports@dpi.wi.gov). The auditor should also include additional documentation as necessary, such as a representation letter to correct an erroneous WISEstaff (PI-1202) submission.

## Part 1: No Valid License Reporting & Ledger Verification

This part of the audit program is required for all LEAs, regardless of whether or not they are required to be audited under any other guidelines.

### Information Needed for the Audit

#### From the LEA

- A summary of expenditures in the special education fund (WUFAR Fund 27) by project including, but not limited to:
  - Local aid-eligible costs (project 011),
  - Local non-eligible costs (project 019), and
  - IDEA grant-funded costs (summary project 340).
- A detailed general ledger for the special education fund, including (or equivalent to) a minimum level of coding under WUFAR with 6-digit functions, 3-digit objects, and 3-digit projects.
- **After the LEA has completed entering data into the PI-1505-SE Special Education Annual Report**, the following data reports from the PI-1505-SE:
  - “PI-1505-SE Expenses by Project” and
  - “PI-1505-SE Aid Estimate.”

#### From DPI

- The NVL/QC Worksheet, available at <http://dpi.wi.gov/sfs/finances/auditors/audit-programs>. (Pre-populated worksheets are not currently available.)
- The No Valid License (NVL) report, available directly to the auditor through SAFR at <http://dpi.wi.gov/sfs/reporting/safr/overview>.

### Types of Services Allowed or Unallowed

#### Compliance Requirement 1-1

Each LEA has an obligation to employ appropriately licensed staff, including special education staff. Staff must be appropriately licensed for a special education work assignment listed in state statute in order for their salary and benefits to be eligible for aid.

NOTE: DPI audits the staff assignment information reported by an LEA in the WISEstaff (PI-1202) data collection 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.

#### Audit Procedures

1. In the No Valid License section of the LEA’s NVL/QC Worksheet, record for each individual listed on the NVL report:
  - a. The amount and WUFAR coding of their salary and benefits (or aid-eligible purchased service cost) as reported on the LEA’s PI-1505-SE Special Education Annual Report (i.e. if the LEA adjusts the coding for an individual to project 019, indicating a non-eligible expenditure, the worksheet should show their coding with project 019);
  - b. Whether the LEA wishes to dispute or review their license status and provide supporting documentation; and

- c. Any additional information or explanation regarding that individual, including any explanation for expenditures coded to a fund other than Fund 27.
2. If the LEA has staff identified with a licensure mismatch on the NVL report:
  - a. Confirm whether the LEA wishes to dispute or review the license status of any individual(s) listed on the NVL report.
    - i. If the LEA incorrectly reported the individual's position and/or area in the WISEstaff (PI-1202) data collection, request they complete a representation letter that:
      1. Confirms the position and area originally reported;
      2. Certifies that information was incorrect; and
      3. Provides the correct position and area.

The letter must be signed by the LEA administrator. A sample letter is available at [http://dpi.wi.gov/sfs/finances/auditors/audit-manual\\_under\\_Chapter\\_4](http://dpi.wi.gov/sfs/finances/auditors/audit-manual_under_Chapter_4).

- ii. If the individual received a license after publication of the list, provide a copy of the license certificate.

### *Findings*

Recoding salary and benefits to a non-eligible (project 019) account does not relieve an LEA of the obligation to ensure its special education staff are appropriately licensed. A finding must be issued for this compliance requirement if known questioned costs (amounts reported on the NVL/QC worksheet coded to Project 011 and 340) are greater than \$25,000.

### *Reporting Requirements*

#### *Compliance Requirement 1-2*

The LEA is required to report fiscal information to DPI using the prescribed WUFAR accounting system. Special education fund (WUFAR Fund 27) expenditures and revenues must be properly coded under WUFAR, or if the LEA does not use WUFAR, coded such that they can be properly reported.

### *Audit Procedures*

There is no specific procedure for testing this requirement beyond the auditor's usual scope of work. If the auditor identifies any errors in coding they should be corrected before the PI-1505 Annual Report and PI-1505-SE Special Education Annual Report are submitted, not reported as questioned costs on the NVL/QC Worksheet.

### *Findings*

A finding is not required for this compliance requirement unless:

- The auditor believes expenditures were deliberately miscoded for the purpose of receiving aid or grant funds under any program;
- The auditor believes expenditures and/or revenues were deliberately miscoded between Fund 27 and another fund for the purpose of misstating the LEA's IDEA maintenance of effort, or
- The auditor believes expenditures and/or revenues were miscoded the result of a significant and/or ongoing management concern.

### Compliance Requirement 1-3

The LEA's general ledger for the special education fund must support expenditures reported in its PI-1505-SE Special Education Annual Report.

#### Audit Procedures

1. Verify that the total amounts of Fund 27 expenditures coded to projects 011, 019, and 340 are consistent between the general ledger and the PI-1505-SE.
2. Test individual project 011 expenditure account totals as appropriate to verify they are consistent between the general ledger and the PI-1505-SE.
3. Inform the LEA of any needed expenditure corrections.

NOTE: The LEA may not have its PI-1505-SE Special Education Annual Report completed at the start of the auditor's field work. The auditor may need to audit from the general ledger during field work and compare it later to the LEA's submitted report.

#### Findings

A finding is not required for this compliance requirement unless:

- The auditor believes expenditures were deliberately miscoded for the purpose of receiving aid or grant funds under any program;
- The auditor believes expenditures were deliberately miscoded between Fund 27 and another fund for the purpose of misstating the LEA's IDEA maintenance of effort, or
- The auditor believes expenditures were miscoded the result of a significant and/or ongoing management concern.

### Compliance Requirement 1-4

All questioned costs, findings, and the aid estimate must be reported to DPI.

#### Audit Procedures

1. If any costs are recorded on the NVL/QC Worksheet over the course of the audit program, submit it to DPI as soon as it is completed. Instructions are on page 1.
2. After all corrections are made and the LEA's PI-1505-SE Special Education Annual Report is complete, obtain its "PI-1505-SE Aid Estimate" data report. Identify the total eligible costs and estimated aid reimbursement in the *Schedule of State Awards* of the LEA's audited financial statements or Single Audit report.
3. Report audit findings and any associated questioned costs in the *Schedule of Findings and Questioned Costs* of the LEA's audited financial statements or Single Audit report.

## Part 2: Type A Program Audit

This part of the audit program applies for LEAs receiving \$250,000 or more in Special Education and School-Age Parents Aid. It must be completed in any year an LEA newly qualifies under this condition, and at least once every three years thereafter. Questioned costs identified under this part of the audit program must be reported to DPI using the NVL/QC Worksheet.

### Information Needed for the Audit

In addition to the information obtained for Part 1, the auditor will need:

#### From the LEA

- A labor distribution report from the LEA's general ledger for aid-eligible personnel expenditures (WUFAR Fund 27, objects 100 and 200, project 011).
- A listing of late hires: special education staff who began employment with the LEA after the Third Friday in September.
- A vendor distribution report for privately contracted instructional expenditures (WUFAR account 27E 370 436000 011), if any, and a description of the services provided by each vendor coded to that account.
- A listing of the LEA's specialized transportation routes or services, and the students assigned to each route or service.
- Any prior approval letters from the DPI Director of Special Education regarding the purchased of a vehicle to be used exclusively for specialized transportation.
- Access to the LEA's personnel, individualized education program (IEP), and transportation records.

#### From DPI

- The following guidance documentation available at <http://dpi.wi.gov/sfs/aid/special-ed/sped-sap/eligibility>:
  - "2011 Act 105 & 2013 Act 255 Funding Guidance" (linked as "Aid-Eligible Contracted Services")
  - "Specialized Transportation Aid Eligibility and Funding" (linked as "Specialized Transportation Funding")
  - "Valid Reporting and License Codes for Special Education and Pupil Services Staff SPED/SAP Categorical Aid Eligibility" (linked as "Valid Staff Reporting and License Codes")

## Types of Services Allowed and Unallowed

### Compliance Requirement 2-1

Staff must be appropriately licensed for a special education work assignment listed in state statute in order for their salary and benefits to be eligible for aid.

#### Audit Procedures

1. Identify a sample of staff for payroll testing using the following sources:
  - a. The Valid License listing provided by DPI;
  - b. The labor distribution report provided by the LEA; and
  - c. The late hire listing provided by the LEA.

2. Perform a payroll test for each individual in the sample using the “Valid Reporting and License Codes” matrix:
  - a. Verify their work assignment.
  - b. Verify whether the account distribution of their payroll and benefits agrees with their assignment.
  - c. Verify they were appropriately licensed for their assignment.
3. If any individuals are identified by payroll testing, record in the Questioned Costs section of the LEA’s NVL/QC Worksheet:
  - a. The amount and WUFAR coding of their salary and benefits (or aid-eligible purchased service cost) as reported on the LEA’s PI-1505-SE Special Education Annual Report (i.e. if the LEA adjusts the coding for an individual to project 019, indicating a non-eligible expenditure, the worksheet should show their coding with project 019);
  - b. Whether the LEA wishes to dispute or review their license status; and
  - c. Any additional information or explanation regarding that individual.

### *Findings*

A finding must be issued for this compliance requirement when a questioned cost is identified. The auditor may take into account circumstances beyond the LEA’s control, such as a delay by DPI in issuing a license, when drafting their finding. The finding should indicate whether questioned costs were recoded to the correct (project 019) account.

### *Compliance Requirement 2-2*

State statutes define certain privately contracted special education services are eligible for aid. A listing of eligible services is found in the “2011 Act 105 & 2013 Act 255 Funding Guidance” document. Other services or services not provided in accordance with law are not eligible for aid, regardless of their account coding.

**NOTE: Private school tuition is not eligible. A private school may provide an eligible service (e.g. a one-on-one aide) but the invoice must list that service separately, and it must be coded separately from the ineligible tuition.**

**NOTE: Services described or coded as “pupil transition” provided to pupils who are not 18 years old by the end of the school year are not eligible.**

### *Audit Procedures*

1. If the LEA has contracted educational or physical therapy expenditures (27E 310 218100 011 or 27E 310 218200 011):
  - a. Test whether those expenditures were eligible contracted occupational or physical therapy provided by individuals with proper DPI licenses.
2. If the LEA has privately contracted instructional expenditures (27E 370 436000 011):
  - a. Obtain a vendor distribution report for the account.
  - b. Request a description of the services provided by each vendor.
  - c. Request the additional detail the LEA is reporting on its PI-1505-SE Special Education Annual Report for the account, breaking down the total among the specific eligible services.
  - d. Verify that the additional detail the LEA is reporting for the account is correct.

- e. Verify that private school tuition is not being coded to the account.
  - f. Verify that services coded as pupil transition are not being provided to students who are not 18 years old by the end of the school year.
  - g. Test whether expenditures were eligible contracted services provided by individuals with proper DPI licenses.
3. If ineligible expenditures are not recoded to the correct (project 019) account, or if they are recoded but the auditor still plans to issue a finding, record any questioned costs with their associated WUFAR coding as reported on the LEA's PI-1505-SE Special Education Annual Report in the appropriate section of the NVL/QC Worksheet.

### *Findings*

A finding is not required for this compliance requirement if ineligible expenditures are recoded to the correct account, unless the auditor believes the miscoding to be deliberate or the result of a significant and/or ongoing management concern. The finding should indicate whether questioned costs were recoded to the correct (project 019) account.

### *Compliance Requirement 2-3*

Specialized transportation includes only the transportation an LEA provides to fulfill individualized education programs (IEPs). A specialized route is a regular, scheduled transportation service for one or more specific students whose IEPs require transportation; one vehicle may serve multiple routes. Specialized routes may include routes to or from school, as well as shuttle or individual routes during the school day for IEP-required programs or services. A specialized route may be contracted to a private operator or a parent.

Specialized routes may not serve students without IEPs except in two specific circumstances: the Incidental Benefit Exception, and the Accommodation for Students Newly Experiencing Homelessness, both of which are defined in the “Specialized Transportation Aid Eligibility and Funding” document.

### *Audit Procedures*

1. If the LEA has specialized transportation expenditures (coded to any Fund 27, project 011 WUFAR account in the 256200 and 256700 series):
  - a. Test payroll records and the general ledger to verify that these are the only routes coded to Fund 27 with project 011.
  - b. Select a random sample of students assigned to specialized transportation routes. The sample should be appropriate to the size of the LEA’s specialized transportation program and history of compliance with this requirement. It should include students receiving specialized transportation to or from school, as well as those served during the school day.
  - c. Test those students to verify they were eligible for specialized transportation:
    - i. If they have an IEP, verify that specialized transportation is listed as a related service in the I-9 section of their IEP, or that the student has a placement or service that would logically require them to receive specialized transportation.
    - ii. If they do not have an IEP, verify that they met the requirements of the Incidental Benefit Exception or the Accommodation for Students Newly Experiencing Homelessness.

1. If the student was transported under the latter accommodation, verify that they were transported for no more than 20 days, and that any additional costs associated with that student were coded to the LEA's general fund (Fund 10).
2. If ineligible expenditures are not recoded to the correct (project 019) account, or if they are recoded but the auditor still plans to issue a finding, record any questioned costs with their associated WUFAR coding as reported on the LEA's PI-1505-SE Special Education Annual Report in the appropriate section of the NVL/QC Worksheet. Questioned costs are calculated and reported as follows:
  - a. For each specialized route with at least one student identified as ineligible:
    - i. Identify the WUFAR function used to code the route.
    - ii. Determine the total cost of the route.
    - iii. Determine the total number of days the route was in service (total days).
    - iv. Determine the total number of days on which one or more ineligible students were transported (days ineligible). A day on which a student was transported in the morning but not the afternoon, or vice versa, is counted as one-half day.
    - v. Calculate the questioned cost as  $\text{Total Cost} \times \text{Days Ineligible} \div \text{Total Days}$ .

#### *Findings*

A finding is not required for this compliance requirement if ineligible expenditures are recoded to the correct account, unless the auditor believes the miscoding to be deliberate or the result of a significant and/or ongoing management concern. The finding should indicate whether questioned costs were recoded to the correct (project 019) account.

#### *Compliance Requirement 2-4*

A student transported on a specialized route supported with Special Education and SAP Aid may not be counted for Pupil Transportation Aid.

#### *Audit Procedures*

1. Select a random sample of students assigned to specialized transportation routes coded to Fund 27 with project 011. The sample used for Compliance Requirement 2-3 may be reused.
2. Test whether any students in the sample were counted for Pupil Transportation Aid. If a student was counted for Pupil Transportation Aid, determine the mileage and attendance category in which they were reported to DPI.

#### *Findings*

A finding is not required for this compliance requirement if the LEA corrects its PI-1547 Pupil Transportation Report to remove students identified by the auditor, unless the auditor believes the erroneous reporting to be deliberate or the result of a significant and/or ongoing management concern. **If a finding is issued, it should be identified under the Pupil Transportation Aid program (state ID #255.107) rather than this program.**

#### *Compliance Requirement 2-5*

LEAs must have prior written approval from DPI to purchase a vehicle, or equipment with a unit cost of at least \$10,000, in order for the cost be eligible for aid. (There is no similar requirement for IDEA-funded purchases, since approval of the budget item fulfills this purpose.)



### *Audit Procedures*

1. If the LEA has specialized vehicle purchase expenditures (27E 550 256250 011, 27E 550 256300 011, 27E 560 256250 011, or 27E 560 256300 011):
  - a. Verify what was purchased.
  - b. For vehicle(s) purchased, request a copy of the approval letter from the DPI Director of Special Education.
  - c. For equipment purchased, verify whether the unit cost was at least \$10,000 and, if so, request a copy of the approval letter from the DPI Director of Special Education.
2. If ineligible expenditures are not recoded to the correct (project 019) account, or if they are recoded but the auditor still plans to issue a finding, record any questioned costs with their associated WUFAR coding as reported on the LEA's PI-1505-SE Special Education Annual Report in the appropriate section of the NVL/QC Worksheet.

### *Findings*

A finding is not required for this compliance requirement if ineligible expenditures are recoded to the correct account, unless the auditor believes the miscoding to be deliberate or the result of a significant and/or ongoing management concern. The finding should indicate whether questioned costs were recoded to the correct (project 019) account.

### *Compliance Requirement 2-6*

Maintenance costs for a vehicle are eligible for aid only if the vehicle is used exclusively for specialized transportation.

### *Audit Procedures*

1. If the LEA has specialized transportation maintenance expenditures (Fund 27, project 011 WUFAR accounts in functions 256500 or 256600 with a 300- or 400-series object):
  - a. Identify the vehicle(s) with maintenance costs coded to those accounts.
  - b. Test whether the vehicle(s) were used exclusively for specialized transportation.
2. If ineligible expenditures are not recoded to the correct (project 019) account, or if they are recoded but the auditor still plans to issue a finding, record any questioned costs with their associated WUFAR coding as reported on the LEA's PI-1505-SE Special Education Annual Report in the appropriate section of the NVL/QC Worksheet.

### *Findings*

A finding is not required for this compliance requirement if ineligible expenditures are recoded to the correct account, unless the auditor believes the miscoding to be deliberate or the result of a significant and/or ongoing management concern. The finding should indicate whether questioned costs were recoded to the correct (project 019) account.

## Part 3: Abbreviated Program Audit

This part of the audit program applies for LEAs that receive at least \$25,000, but less than \$250,000 in Special Education and School-Age Parents Aid. It must be completed in any year an LEA newly qualifies under that condition, and at least once every three years thereafter. Questioned costs identified under this part of the audit program must be reported to DPI using the NVL/QC Worksheet.

### Information Needed for the Audit

In addition to the information obtained for Part 1, the auditor will need:

#### From the LEA

- A listing of late hires: special education staff who began employment with the LEA after the Third Friday in September.
- A vendor distribution report for privately contracted instructional expenditures (coded to WUFAR account 27E 370 436000 011), if any, and a description of the services provided by each vendor coded to that account.
- A listing of the LEA's specialized transportation routes or services, and the students assigned to each route or service.
- Any prior approval letters from the DPI Director of Special Education regarding the purchased of a vehicle to be used exclusively for specialized transportation.
- Access to the LEA's personnel, IEP, and transportation records.

#### From DPI

- The following guidance documentation available at <http://dpi.wi.gov/sfs/aid/special-ed/sped-sap/eligibility>:
  - "2011 Act 105 & 2013 Act 255 Funding Guidance" (linked as "Aid-Eligible Contracted Services")
  - "Specialized Transportation Aid Eligibility and Funding" (linked as "Specialized Transportation Funding")
  - "Valid Reporting and License Codes for Special Education and Pupil Services Staff SPED/SAP Categorical Aid Eligibility" (linked as "Valid Staff Reporting and License Codes")

## Types of Services Allowed and Unallowed

### Compliance Requirement 3-1

Staff must be appropriately licensed for a special education work assignment listed in state statute in order for their salary and benefits to be eligible for aid.

#### Audit Procedures

1. Test whether staff were correctly reported in the WISEstaff data collection:
  - a. Identify a sample of staff from the Valid License listing provided by DPI.
  - b. Verify their work assignments.
  - c. Verify that the assignments shown in the Valid License listing are correct.
  - d. If the LEA incorrectly reported the individual's position and/or area in the WISEstaff (PI-1202) data collection, request they complete a representation letter that:
    - i. Confirms the position and area originally reported;

- ii. Certifies that information was incorrect; and
- iii. Provides the correct position and area.

The letter must be signed by the LEA administrator. A sample letter is available at <http://dpi.wi.gov/sfs/finances/auditors/audit-programs>.

2. Test whether late hires (if any) were appropriately licensed:
  - a. Identify a sample of staff using the late hire listing provided by the LEA.
  - b. Verify their work assignments.
  - c. Verify whether the account distribution of their payroll and benefits agrees with their assignments.
  - d. Verify they were appropriately licensed for their assignments.
3. If any individuals are identified by testing, record in the Questioned Costs section of the LEA's NVL/QC Worksheet:
  - a. The amount and WUFAR coding of their salary and benefits (or aid-eligible purchased service cost) as reported on the LEA's PI-1505-SE Special Education Annual Report (i.e. if the LEA adjusts the coding for an individual to project 019, indicating a non-eligible expenditure, the worksheet should show their coding with project 019);
  - b. Whether the LEA wishes to dispute or review their license status; and
  - c. Any additional information or explanation regarding that individual.

### *Findings*

A finding must be issued for this compliance requirement when a questioned cost is identified. The auditor may take into account circumstances beyond the LEA's control, such as a delay by DPI in issuing a license, when drafting their finding. The finding should indicate whether questioned costs were recoded to the correct (project 019) account.

### *Compliance Requirement 3-2*

State statutes define certain privately contracted special education services are eligible for aid. A listing of eligible services is found in the "2011 Act 105 & 2013 Act 255 Funding Guidance" document. Other services or services not provided in accordance with law are not eligible, regardless of their account coding.

**NOTE: Private school tuition is not eligible. A private school may provide an eligible service (e.g. a one-on-one aide) but the invoice must list that service separately, and it must be coded separately from the ineligible tuition.**

**NOTE: Pupil transition services provided to pupils who are not 18 years old by the end of the school year are not eligible.**

### *Audit Procedures*

1. If the LEA has privately contracted instructional expenditures (27E 370 436000 011):
  - a. Obtain a vendor distribution report for the account.
  - b. Request a description of the services provided by each vendor.
  - c. If a vendor provided (1) educational audiology, (2) educational interpreter, (3) orientation and mobility training, (4) speech and language therapy, (5) substitute special education teacher, or (6) special education paraprofessional/aide services, no further testing is necessary for that vendor. Otherwise:

- i. Verify that private school tuition is not being coded to the account.
  - ii. Verify that pupil transition services, if any, are not being provided to students who are not 18 years old by the end of the school year.
2. If ineligible expenditures are not recoded to the correct (project 019) account, or if they are recoded but the auditor still plans to issue a finding, record any questioned costs with their associated WUFAR coding as reported on the LEA's PI-1505-SE Special Education Annual Report in the appropriate section of the NVL/QC Worksheet.

### *Findings*

A finding is not required for this compliance requirement if ineligible expenditures are recoded to the correct account, unless the auditor believes the miscoding to be deliberate or the result of a significant and/or ongoing management concern. The finding should indicate whether questioned costs were recoded to the correct (project 019) account.

### *Compliance Requirement 3-3*

Specialized transportation includes only the transportation an LEA provides to fulfill individualized education programs (IEPs). A specialized route is a regular, scheduled transportation service for one or more specific students whose IEPs require transportation; one vehicle may serve multiple routes. Specialized routes may include routes to or from school, as well as shuttle or individual routes during the school day for IEP-required programs or services. A specialized route may be contracted to a private operator or a parent.

Specialized routes may not serve students without IEPs except in two specific circumstances: the Incidental Benefit Exception, and the Accommodation for Students Newly Experiencing Homelessness, both of which are defined in the "Specialized Transportation Aid Eligibility and Funding" document.

### *Audit Procedures*

1. If the LEA has specialized transportation expenditures (coded to any Fund 27, project 011 WUFAR accounts in the 256200 and 256700 series):
  - a. Obtain the LEA's listings of all specialized transportation routes, and the students assigned to each route.
  - b. Select a random sample of students assigned to specialized transportation routes. The sample should be appropriate to the size of the LEA's specialized transportation program and history of compliance with this requirement. It should include students receiving specialized transportation to or from school, as well as those served during the school day.
  - c. Test those students to verify they were eligible for specialized transportation:
    - i. If they have an IEP, verify that specialized transportation is listed as a related service in the I-9 section of their IEP, or that the student has an off-site placement or service that would logically require them to receive specialized transportation.
    - ii. If they do not have an IEP, verify that they met the requirements of the Incidental Benefit Exception or the Accommodation for Students Newly Experiencing Homelessness.

1. If the student was transported under the latter accommodation, verify that they were transported for no more than 20 days, and that any additional costs associated with that student were coded to Fund 10.
2. If ineligible expenditures are not recoded to the correct (project 019) account, or if they are recoded but the auditor still plans to issue a finding, record any questioned costs with their associated WUFAR coding as reported on the LEA's PI-1505-SE Special Education Annual Report in the appropriate section of the NVL/QC Worksheet. Questioned costs are calculated and reported as follows:
  - a. For each specialized route with at least one student identified as ineligible:
    - i. Identify the WUFAR function used to code the route.
    - ii. Determine the total cost of the route.
    - iii. Determine the total number of days the route was in service (total days).
    - iv. Determine the total number of days on which one or more ineligible students were transported (days ineligible). A day on which a student was transported in the morning but not the afternoon, or vice versa, is counted as one-half day.
    - v. Calculate the questioned cost as  $\text{Total Cost} \times \text{Days Ineligible} \div \text{Total Days}$ .

#### *Findings*

A finding is not required for this compliance requirement if ineligible expenditures are recoded to the correct account, unless the auditor believes the miscoding to be deliberate or the result of a significant and/or ongoing management concern. The finding should indicate whether questioned costs were recoded to the correct (project 019) account.

#### *Compliance Requirement 3-4*

LEAs must have prior written approval from DPI to purchase a vehicle, or equipment with a unit cost of at least \$10,000, in order for the cost be eligible for aid. (There is no similar requirement for IDEA-funded purchases, since approval of the budget item fulfills this purpose.)

#### *Audit Procedures*

1. If the LEA has specialized vehicle purchase expenditures (27E 550 256250 011, 27E 550 256300 011, 27E 560 256250 011, or 27E 560 256300 011):
  - a. Verify what was purchased.
  - b. For vehicle(s) purchased, request a copy of the approval letter from the DPI Director of Special Education.
  - c. For equipment purchased, verify whether the unit cost was at least \$10,000 and, if so, request a copy of the approval letter from the DPI Director of Special Education.
2. If ineligible expenditures are not recoded to the correct (project 019) account, or if they are recoded but the auditor still plans to issue a finding, record any questioned costs with their associated WUFAR coding as reported on the LEA's PI-1505-SE Special Education Annual Report in the appropriate section of the NVL/QC Worksheet.

#### *Findings*

A finding is not required for this compliance requirement if ineligible expenditures are recoded to the correct account, unless the auditor believes the miscoding to be deliberate or the result of a significant and/or ongoing management concern. The finding should indicate whether questioned costs were recoded to the correct (project 019) account.