

DPI Auditor Insights

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WISCONSIN DEPARTMENT OF
Public Instruction
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Agenda

- **State Single Audit Guidelines**
 - **Federal Single Audit Guidelines**
 - **Common Audit Findings**
 - **DPI Annual Report/Financial Statement Reviews**
 - **Debt Schedules**
 - **Membership Audit**
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State Single Audit Guidelines

- **Wisconsin School District Audit Manual is updated every year by DPI**
- **Includes compliance requirements for DPI State Programs**
- **Includes additional testing procedures including Compliance with State Statutes, Community Service Program and Employee Benefit Trust Fund Program**

State Audit Manual Overview

- **Dual-purpose document**
 - DPI appendix to the State Single Audit Guidelines
 - Establishes auditing and program-specific compliance requirements for WI Public School Districts, CESAs, CCDEBs, and independently authorized charter schools that receive funding from the DPI but do not meet the single audit federal expenditure threshold

Updates – State Major Program Determination

- **Audits in accordance with SSAG**
 - Risk-based approach outlined in SSAG Section 3.4 applied to all state funding to identify state major programs
 - **Audits in accordance with WI School District Audit Manual**
 - Risk-based approach outlined in SSAG Section 3.4 should be applied to the DPI funding to identify state major programs
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State Single Audit Guidelines - Updates

- DOA updated the SSAG for fiscal years beginning after 6/30/2023
- Updated state awards expended to be \$250,000 or more for the guide to be applicable
- Updated to better align with Uniform Grant Guidance
- Removed the ability for state agencies to designate programs as Major or Type A programs

GAAP to Regulatory Departures

Current DPI approved GAAP to regulatory departures:

- For regulatory purposes, districts are allowed to record bid premiums in excess of the current year debt service payments for the issue generating the bid premium as a liability in account 816900 in the year of receipt. The bid premium must be recognized in Source 968 in the subsequent year.
- For regulatory purposes, Districts may consider cash transfers to sinking funds as debt expenditures in the year of the transfer only for Q-Bonds issued from 2008 to 2011.

GAAP to Regulatory Departures

Current DPI approved GAAP to regulatory departures:

- For regulatory purposes, grant revenue from the DPI received after the period of availability must be recorded as revenue in the fiscal year of the audit rather than a deferred inflow of resources.
- Unique accounting circumstances discussed and approved by the DPI. Please contact a School Financial Services Team Auditor prior to reporting GAAP to Regulatory Departures not included on the list.

GAAP to Regulatory Departures

Previous DPI approved GAAP to regulatory departures:

- Unrealized gains and losses were not allowable account combinations in the governmental funds in the WUFAR. For regulatory purposes, the districts would record a departure for not recording governmental funds unrealized gains and losses.
- **The account combinations have been added for FY22. Therefore, this is no longer an approved difference.**

Federal Single Audit Guidelines

- **An audit of federal funds conducted in accordance with Uniform Grant Guidance to provide assurance to the federal granting agencies that the funds are in compliance**
- **Required for Non-Federal entities that expend \$750,000 or more in a fiscal year in federal awards**
- **OMB compliance supplement details compliance requirements**

Proposed Changes to UGG

- Increase in Single Audit Threshold from \$750,000 to \$1,000,000
- Raise in equipment threshold from \$5,000 per unit to \$10,000 per unit
- Updating “plain language”

Federal Funds not through DPI

Emergency Connectivity Fund (Source R791)

- Through FCC, administered by USAC.
- Part of ARPA Act of 2021
- Eligible for Single Audit

Department of Administration (Source R780)

- Governor's CRF Funds
- Back to School Supplemental Aid
- Get Kids Ahead
- None of these are eligible for Single audit per DOA

Audit Findings

If there is an audit finding, DPI will receive a Management Letter. DPI will determine whether to sustain or not sustain a finding:

- **Sustained:** Develop a corrective action on how to resolve the finding
- **Not Sustained:** DPI responds to the letter stating the finding is not accurate


Common Federal Audit Findings

- **Allowable Costs**
- **UGG Written Procedures**
- **Procurement, Suspension and Debarment**
- **Proper approval of claims, reports, etc.**
- **Documentation not kept**
- **Davis-Bacon Act**

Common State Audit Findings


- **Pupil Transportation**
 - Lack of physical documentation or documentation does not tie.
 - Pupils in incorrect count category or mileage incorrectly calculated.
 - Pupils include in 0-2 not in UHT plan or UHT plan not updated.
- **Special Education and School Age Parents**
 - Individuals included in the NVL.
 - Specialized transportation routes related to student IEPs.
 - GL not reconciling to PI-1505-SE.
 - No documented review and approval of high cost sped claim.

Common Financial Audit Findings

- **Financial Statement Preparation**
 - **Segregation of Duties**
 - **Material Audit Adjustments**
 - **Cash Reconciliation**
 - **SEFA Preparation**
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DPI Annual Report Reviews

- **Coding**

- ECF (Emergency Connectivity Fund) (Source R971)
 - Private grants (Source R291)
 - Refunds (PY: Source R971; CY: expense)
 - Fund 21 / E999
 - Sales of capital (Source R86X)/non-capital items (Source R26X)
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DPI Annual Report Reviews

- **Fund 73**
 - ADC (Actuarially Determined Contribution)
 - Object 218
 - IRS (Implicit Rate Subsidy)

DPI Annual Report Reviews

- Addenda details

**REMEMBER: Addenda are for DPI,
not for the district.**



DPI Annual Report Reviews

**A68 - Other Miscellaneous Revenue
(R990)**

“EFT Interface”



DPI Annual Report Reviews

A71 - Other Adjustments (E969/R969)

“Self-funded dental”



DPI Annual Report Reviews

A81 - Other Miscellaneous (E999)

“Softball field redevelopment”



DPI Annual Report Reviews

A23 - Refund of Prior Year Expenses


(R971)

- “Vendor refunds”
- “Refund from Vendor-Overchg”
- “Wire deposit refund overpayment”


DPI Financial Statement Reviews

- **AC fund balances**
 - District
 - Auditor
- **Debt schedules**

Financial Statement Review

- **Common causes for differences between the audited financial statements and Fund Balance Report:**
 - Entries made by district not reported to auditors,
 - Entries made by auditors not reported to districts, and
 - Immaterial changes found during our review of the annual report.
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Reporting Late Changes

- **District or auditor entries made after the original submissions are required to be made in the books and the data repushed to WDF.**
 - **If changes are required after the books have been closed, districts will need to work with their vendor.**
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DPI Auditor Timeline

- **End of August/Early September:**
District submits District Aid Certification
DPI reviews District Aid Certification
- **Friday on or Before September 15th:**
Auditors submit Auditor Aid Certification and Fund Balance Reports
DPI reviews Auditor Reports
- **Following Friday:**
District submits Annual Report
- **October 15th Aid is calculated**

DPI Auditor Timeline

- **October through November:**
DPI reviews District Annual Reports
- **End of November/Early December:**
DPI Auditors reach out to Districts with Annual Report questions
- **December 15th:**
District Audited Financial Statements are due
- **January through March:**
DPI completed Audited Financial Statement Reviews and contacts Districts
- **Goal: March 31st Fiscal Year Data is Finalized**

Timely Reporting to DPI Impacts Us All

- Late submission of WISEdata Finance/WiSFIP reports
- Late submission of audited financial statements
- Late submission of Actuarial studies

Audit Requirements

Overview



The Department of Public Instruction has the statutory responsibility to prescribe financial and membership audit requirements ([s.120.14](#), Wisconsin Statutes) for Wisconsin school districts. In fulfilling this responsibility, DPI cooperates closely with school district officials and the independent auditors contracted by each school district.

Debt Schedules

- Schedules have been moved to WiSFiP
- Debt schedules must be updated in WiSFiP within 10 days of any changes
- Sample journal entries and a BAN issuance and refinancing example can be found on our website [Accounting Issues and Coding Examples](#)

Debt Schedules

[Check here for the full list.](#)

Show ALL

Debt Type: All Types

Debt Schedules

Debt Schedule Name	Debt Schedule Type	WUFAR Fund	WUFAR Function	Issue Date	Maturity Date	Start Date	Principal Before Start	Original Amount	Current Balance [RO]	
GO Refunding Bonds	Bonds	Fund 39	Function 281	04/04/2023	03/01/2043	04/04/2023	\$0	\$70,750,000	\$62,525,000	<input type="button" value="Edit"/> <input type="button" value="Delete"/>

Debt Schedule Payments

Calendar Year	Payment Period	Last Principal Balance	Principal Payments Scheduled	Interest Payments Scheduled	Refinanced Principal Adjustment	Refinanced Interest Adjustment	New Principal Balance	
2023	January - June Payment Period	\$70,750,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$70,750,000.00	<input type="button" value="Edit"/> <input type="button" value="Delete"/>
2023	July - December Payment Period	\$70,750,000.00	\$0.00	\$1,718,641.00	\$0.00	\$0.00	\$70,750,000.00	<input type="button" value="Edit"/> <input type="button" value="Delete"/>
2024	January - June Payment Period	\$70,750,000.00	\$8,225,000.00	\$1,718,641.00	\$0.00	\$0.00	\$62,525,000.00	<input type="button" value="Edit"/> <input type="button" value="Delete"/>
2024	July - December Payment Period	\$62,525,000.00	\$0.00	\$1,513,016.00	\$0.00	\$0.00	\$62,525,000.00	<input type="button" value="Edit"/> <input type="button" value="Delete"/>
2025	January - June Payment Period	\$62,525,000.00	\$1,000,000.00	\$1,513,016.00	\$0.00	\$0.00	\$61,525,000.00	<input type="button" value="Edit"/> <input type="button" value="Delete"/>

Membership Audits

- **Memberships are required by State Statute for at least 25% of districts each year**
- **Selected randomly, PY membership audit findings, late pupil counts or PY summer school fee issues**
- **Districts are notified the first week of February**
- **Membership Audits are due May 1st**

Membership Audits

- **DPI releases the membership audit program and report sample**
- **Obtain count documentation and compare it to the PI-1563, review count procedures, review reconciliation for completion and accuracy, test sample of pupils, test summer school and related fees (if applicable)**

Membership Audits

- Pupil Count Reconciliation is required each year, even if the district is not selected for audit
- Reconciles the September Count to the January Count
- If the district receives a finding for not completing the reconciliation, they will automatically be selected for membership the following year.

[Pupil Count Reconciliation Online Course](#)

Resources

[WI School District Audit Manual](#)

[State Single Audit Guidelines](#)

[OMB Compliance Supplement](#)

[Membership Audit Webpage](#)

[WUFAR Webpage](#)

[SFS Webpage](#)

[WDF/WiSFiP Podcast](#)

Questions?



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