

# Special Education Fiscal Auditing

**Roselynn Bittorf – SFS Consultant  
School Financial Services Team**

**WASBO Accounting Conference 2022**



WISCONSIN DEPARTMENT OF  
**Public Instruction**  
Jill K. Underly, PhD, State Superintendent

# Topics

- **Audit Program Overview**
- **Findings and Issues**
- **Grant Expenditures Reconciliation**

# Audit Program Overview

**What are auditors looking for?**

**Why do we care?**

# Special Education Audit Program

- **Program audit, not fiscal audit**
- **Required for all LEAs**

# Special Education Audit Program

## • Purposes

- Verify compliance with licensure and other program requirements
- Verify accurate reporting for state aid calculation and federal IDEA Maintenance of Effort

# Program Compliance Requirements

1. **“No Valid License” audit**
2. **Payroll testing**
3. **Personal services and employee travel**

# Program Compliance Requirements

4. Private vendor contracted services
5. Specialized transportation
6. Vehicle/equipment purchases

# Staff Must Be Properly Licensed

- **License must be current and valid**
- **License must be appropriate for the individual's actual assignment**



# Staff Must Be Properly Licensed

*Valid Reporting and License Codes for Special Education/Pupil Services Staff* available at [dpi.wi.gov/sfs/aid/special-ed/sped-sap/eligibility](https://dpi.wi.gov/sfs/aid/special-ed/sped-sap/eligibility)

# License Checking Responsibility

- **DPI generates NVL list from cross-check between district's position report and license database - Auditor does not check the license**
- **Auditor completes & submits worksheet, attaches district representation letter (if provided)**

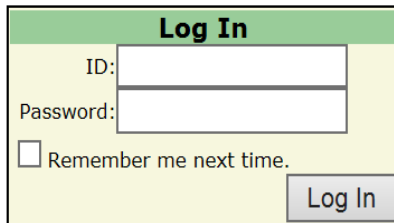
# NVL in SAFR

## School Finance Reporting Portal Log In Screen

To proceed to the reports that you are authorized to submit or amend on behalf of the district, you must enter your ID and password below.

District staff should have received an ID and Password from the Superintendent/Designee. The Superintendent was required to complete the new PI 1500 Contacts Report which generated the new ID and password.

Please contact your superintendent or a school finance consultant should you have questions.



**Log In**

ID:

Password:

Remember me next time.

[Login](#)

# NVL/QC Worksheet

Name	Position	Area	FTE	Grades	Audit Exception	Contracted Agency	Long Term Substitute	Salary	*Benefits	Contracted Services	Total	Account Code			
												Fund	Function	Object	Project
Tyler, Rose	97 - Pgm Aide	0883 - SE Aide	0.91	K4-06	License expired	N	N	\$21,840.00	\$10,550.19	\$0.00	\$32,390.19	27	159100	100/200	011
			0.19					\$4,560.00	\$2,202.79	\$0.00	\$6,762.79	10	110000	100/200	
Smith, Sarah Jane	97 - Pgm Aide	0883 - SE Aide	0.13	09-12	License expired	N		\$3,120.00	\$1,507.17	\$0.00	\$4,627.17	27	159100	100/200	011
			0.87					\$20,880.00	\$10,086.45	\$0.00	\$30,966.45	10	110000	100/200	

32

33 Please indicate whether you are going to fax supporting documents (i.e. license, representation letter)

34

Yes

35

No

36

37 If yes, please e-mail or fax to: [DPISFSReports@dpi.wi.gov](mailto:DPISFSReports@dpi.wi.gov)

**Supporting documentation is given to your auditor for submission along with the workbook**

# NVL/QC Worksheet

- **Due before audited financial statements**

Aid payments begin in November, need worksheets in September

- **Note whether LEA is requesting license status review**

Reviews are not automatic!

# ISSUE: NVL/QC Reporting

**1) Completed NVL/QC worksheet—submit actual Excel workbook, not PDF or scan**

- **List all “Educators Without Valid Licenses”**
- **Any additional questioned costs**
- **Reflect account coding after any corrections**

# ISSUE: NVL/QC Reporting

- 2) Confirm whether district agrees or disagrees
- 3) Supporting documentation as appropriate

# ISSUE: NVL/QC Reporting

## 4) District's representation letter

- Copy of license certificate—not DPI website printout
- Payroll records
- Other appropriate documentation



# Future License Checking

- **Wisconsin School Finance Portal (WiSFiP) will make license checks easier with real time access to staffing and licensing databases**
- **For more information regarding the rollout of WiSFiP, please see our website at <https://dpi.wi.gov/sfs/wdf>**

# Specialized Transportation

- Pupil transportation in Fund 27, project 011
- Did all students have transportation in IEP?

## Exceptions:

- Listed in another student's IEP (e.g. peer mentor)
- “Incidental Benefit”: Picked up at same household, didn't displace another pupil with IEP, didn't increase route cost/capacity
- Accommodation for newly homeless students or foster care in first 20 days to use specialized route w/o disqualifying it

# Specialized Transportation

**Can a student be counted for Pupil Transportation Aid AND eligible for special education aid for specialized transportation?**

**MAYBE**

# Specialized Transportation

**An LEA's excess costs of fulfilling the transportation needs of special education students, as prescribed by each student's IEP, are eligible for state Special Education Aid or IDEA grant funding.**

# Vehicle/Equipment Purchase

- **Vehicles**

  - Prior approval from DPI required

- **Equipment with unit cost at least \$10,000**

  - Prior approval from DPI required

  - See [Specialized Transportation Aid Eligibility and Funding](#) document

- **Equipment with unit cost less than \$10,000**

  - No review

# Reporting Compliance Requirements

1. Match aid-eligible expenditures to PI-1505-SE
2. Verify proper coding
3. Report questioned costs

# Ledger vs. PI-1505-SE

- **Compare general ledger to PI-1505-SE**

## Trace:

- **Total Fund 27 expenditures**
- **Fund 27 project 011 (aid-eligible) expenditures**

# Proper WUFAR Coding

- **No specific procedure beyond auditor's usual scope of work**
- **Miscoding should be fixed during audit**



# Proper WUFAR Coding

## Only issue a finding for:

- Deliberate miscoding to claim state special education aid or federal IDEA funds
- Deliberate miscoding between Funds 10 & 27 for misstating IDEA MOE
- Auditor's judgment of a significant, ongoing fiscal management issue

# ISSUES: Proper WUFAR Coding

**Please review 290 object codes to make sure you are coding as aidable only the eligible 290 objects to project 011 (292,293,295,296 Only)**

# Grant Payment Reconciliation

- Identifying your grant payments in (GPI)
- Identifying your grant payments out (GPO)
- Reported/Expected GPO

# ISSUES: Grant Payment Reconciliation

1. Project 340 expenses vs. final IDEA claims
2. GPI/GPO lines on PI-1505-SE
3. GPO = Project 340 w/ certain 380 objects?
4. Other challenges

# Grant Expenditures Reconciliation



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WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | Welcome: bushdp | Log Off

JSPR Home | Special Education Budget | Special Education Annual | Categorical Aid Adjustments | Welcome (Private)

JSPR Default | Special Education Annual | Enter/Edit Financial Data | Fiscal Year: 2014 | Current Entity: Oshkosh Area (4179)

Main Menu | Enter/Edit Data | Errors | Addenda | Data Reports | Submit | Online Tutorial

Selecting from the filter list dropdown (step 1) will automatically clear all account criteria listed in step 2 and retrieve the data from the option selected. To limit the retrieved data by account, enter account parameters in step 2 and click Go after step 1 has been done. Only 10 pages of data will display. Not all boxes need to be filled in and partial account numbers can be entered. Example: Enter 2 for 200 series objects.

Filter list of Accounts:  
 (Step 1) Limit Search to: **Reported Values**

(Step 2) Fund Type - Function - Obj/Src - Project  
 Account Number: [ ] - [ ] - [ ] - [ ] - [ ]

Number of Errors: 0  
 Number of Warnings: 1

Showing 300 of 300 Matching Rows

History	Alert	Account	Description	Amount
<a href="#">View</a>		GP1-000000-000-000	Total Grant Payments Received from Other Entities	\$0.00
<a href="#">View</a>		GP0-000000-000-000	Total Grant Payments Sent to Other Entities	\$193,848.02
<a href="#">View</a>		Z25-000000-000-011	Summary - Local Aid-Eligible	\$20,942,540.07
<a href="#">View</a>		Z25-000000-000-019	Summary - Local Non-Eligible	\$150,200.27
<a href="#">View</a>		Z25-000000-000-340	Summary - Direct IDEA Grant	\$1,816,640.70
<a href="#">View</a>		Z2E-000000-000-000	All Functions-All Functions-Object 000-Not Project Specific	\$22,909,381.04

FINAL IDEA CLAIMS

EQUAL

Project 340 Expenditures

# ISSUES: Grant Payment Reconciliation

1. Project 340 expenses vs. final IDEA claims
2. GPI/GPO lines on PI-1505-SE
3. GPO = Project 340 w/ certain 380 objects?
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# Grant Payment Reconciliation

1. Did you use grant funds to pay another aid eligible entity?
2. Did another aid eligible entity pay you with grant funds?

# Grant Payment Reconciliation

Record Grant Payments In (GPI) &

Grant Payments Out (GPO) in your PI-1505-SE

#	Alert	Account	Description
1		GPI-000000-000-000	Total Grant Payments Received from Other Entities
2		GPO-000000-000-000	Total Grant Payments Sent to Other Entities



# ISSUES: Grant Payment Reconciliation

1. Project 340 expenses vs. final IDEA claims
2. GPI/GPO lines on PI-1505-SE
3. GPO = Project 340 w/ certain 380 objects?
4. Other challenges

# Grant Payments Reported v. Expected

**GPO = Project 340 w/ certain 380 objects?**

- **Object 382 Payments to WI District**
- **Object 383 Payments to CCDEB**
- **Object 386 Payments to CESA**

# Grant Payments Reported by You v. Others

- **Need to communicate with other LEA**
- **Answer the question who did you pay with grant funds**
- **Private tuition is object 370 and not reported here**

# Grant Payment Reconciliation

**So grant reconciliation is always about how I used my IDEA funds?**

**NO**

# What should be included in GPO and GPI?

- ***Any grant money* accounted for in Fund 27 OR related to special education that is grant money received from or paid to another district, CESA or CCDEB**
- **Money received directly from DPI is NOT included**
- **The purpose of identifying these grant payments is to ensure state aid is not paid on expenditures funded with grant money**

# Recap GPO/GPI Process

**You put your GPI in,  
You take your GPO out,  
You put your Detail in  
And Reconcile all about.  
You do a little Checking  
And find out Who you Paid,  
And that's what its all About!**

# ISSUES: Grant Payment Reconciliation

1. Project 340 expenses vs. final IDEA claims
2. GPI/GPO lines on PI-1505-SE
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# Grant Payments Reconciliation- Other

- Late claims
- Budget changes shifting payments to other LEAs on/off the grant
- Lengthy CESA reconciliations



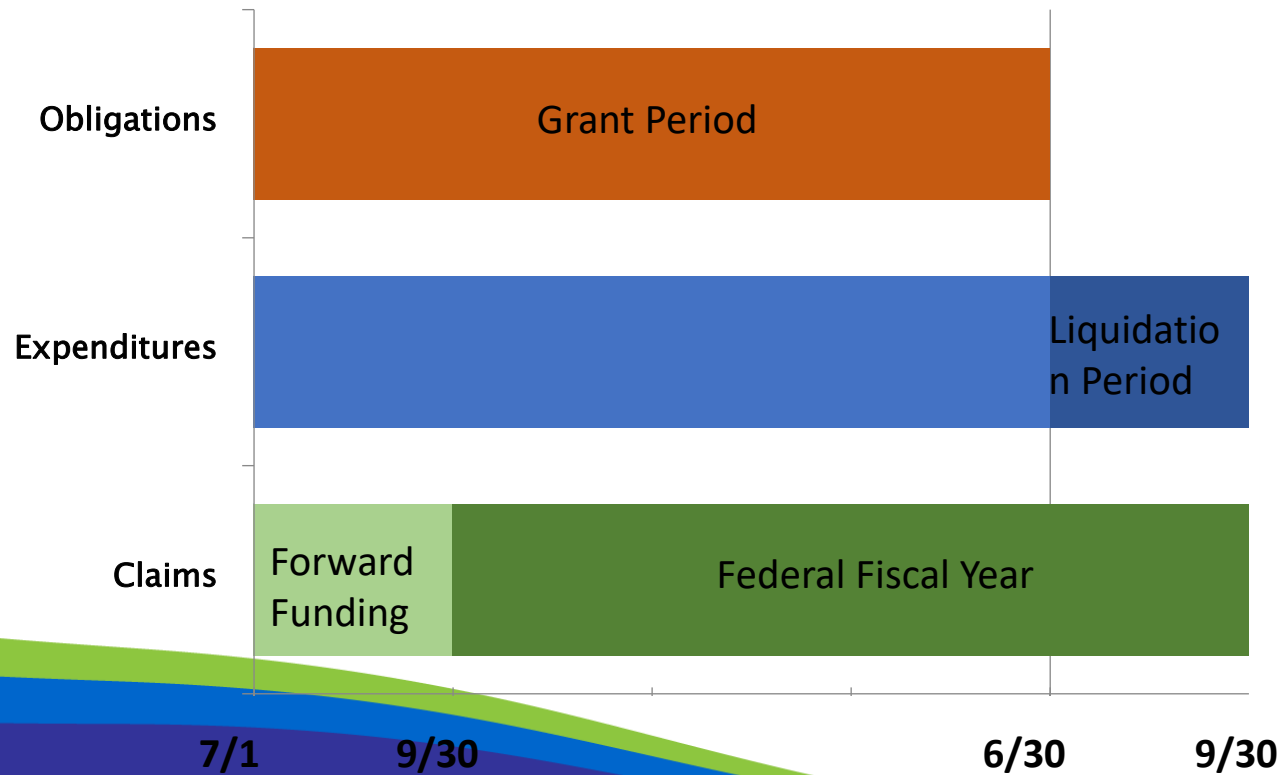
# Problems - Reporting vs. Grant Timelines

- Annual reports due mid-September
- IDEA claims open through September 30

# Problems

- **Disconnect between grant managers and business offices**
- **Timing: federal (obligations) vs. WUFAR (expenditures)**
- **Unclaimed expenses are not reclassified**

# Federal Grant Timeline



# Obligations vs. Expenditures

- **Obligation**

- Orders placed for property and services, contracts and subawards made, and similar transactions during a given period
- Require payment by the grantee during the same or a future period

- **Expenditure**

- Recognized when liability is incurred

# Obligations vs. Expenditures

- **Liquidation**

- Payment to resolve the liability
- May not submit grant claim until obligation is liquidated

*General Federal Award Guidance at*  
<http://dpi.wi.gov/sms/fedaids>

# Problems – Incorrect Reporting

- **USDE has been emphasizing the difference within federal programs between subgranting and contracting, particularly with regard to IDEA**
- **Grants from CESA (i.e. Transition Improvement Grant) lose their federal identity & are coded to Project 019 in the SE**
- **The key is when you use your direct DPI grants (state or federal) to pay another aid eligible entity are reported as GPI and GPO**

# Why Do We Care?

**s. 115.88 (7), Wis. Stats.:**

**OFFSETTING RECEIPTS.** In any school year, the following revenues shall be deducted from costs aidable under this section before aids are calculated under this section:

- (a) Any federal operational revenues expended on costs aidable under this section.**

# Why Do We Care?

**So why can't we just subtract 27R 730 from 27E project 011?**

**Aid-eligible LEAs buy services from each other**

**Differences in recording between LEAs can result in state aid paid on federally-funded expenditures**



# Next Steps

- **Revisit communication with grant managers**
  - Make sure you know what your SPED/C&I director or CESA is doing!
- **Write reconciliation into your procedures**
- **Communicate with the other LEA**

# More Information

- Audit Manual:

[dpi.wi.gov/sfs/finances/auditors/overview](https://dpi.wi.gov/sfs/finances/auditors/overview)

- Special Ed/SAP Categorical Aid:

[dpi.wi.gov/sfs/aid/special-ed/sped-sap/overview](https://dpi.wi.gov/sfs/aid/special-ed/sped-sap/overview)

- SFS Consultant:

[roselynn.bittorf@dpi.wi.gov](mailto:roselynn.bittorf@dpi.wi.gov) or 608-267-9212