

8:10 – 9:35 a.m.

## DPI Update Part I

9:50 - 11:30 a.m.

## DPI Update Part II

**Olivia Bernitt**, *School Finance Auditor, Wisconsin Department of Public Instruction*

**Matt Baier**, *Fiscal Data Coordinator, Wisconsin Department of Public Instruction*

# **DPI Update**

## **School District Auditor Conference**

Olivia Bernitt  
School Finance Auditor  
May 25, 2023



## **DPI Update Agenda**


- **Audit Manual & Program Updates**
- **GAAP to Regulatory Departures**
- **Community Programs and Services**
- **Annual Report Review Process**
- **GASB 87/GASB 96**
- **WISEdata Finance/WiSFiP**
- **Common Audit Findings**
- **Due Dates**

# AUDIT MANUAL & PROGRAM UPDATES


## Audit Manual

- Previously was multiple webpages. Updated in FY21 to be one webpage with all programs compiled into one document
- DOA is updating SSAG for FY24 so there may be more significant changes coming in future years
- <https://dpi.wi.gov/sfs/finances/auditors/overview>

# 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.
- 

# State Special Education Program Updates

- **Changed from Designated Type A to Designated Major**
- **Still has 2 Parts**
  - Part 1: No Valid License Testing portion. Same as previous year.
  - Part 2: Additional Compliance Requirements and Audit procedures.

# State Special Education Program Updates

- **Part 1: Required every year State Special Education is determined to be Major.**
  - Every year, as DPI has designated the program major.
- **Part 2: Required at least once every three years and/or when the program is not considered low-risk.**
  - A risk assessment of the program must be completed every year to determine if Part 2 Compliance requirements are required.

# NVL Testing Changes

- **Add information**

## FS Due Date and Reporting Package


- **Audited Financial Statement Due Date**
  - December 15<sup>th</sup> of each year.
- **Reporting Package**
  - All documents should be unencrypted, unlocked and in a text-searchable PDF format.
  - All documents in Section 1.7 should be included.



## **GAAP TO REGULATORY DEPARTURES**



## **GAAP to Regulatory Departures**

- Auditor submits reports no later than the last Friday before September 15<sup>th</sup>.
  - District submits the reports no later than the following Friday.
  - These three reports must match.
- 

# GAAP to Regulatory Departures

- The DPI reports should be in accordance with modified accrual GAAP except for DPI specified regulatory departures.
- Expect the Fund Balance report to show GAAP to regulatory departure.

## Review Answers

Account	Description	2018 Annual Report	Fund Statements Fund Balance (GAAP)	Regulatory Fund Balance (DPI)	Variance
<a href="#">10B-900000-002</a>	Total Fund Balance	22,486,735.42	22,486,735.42	22,486,735.42	0.00
<a href="#">21B-900000-002</a>	Total Fund Balance	152,472.95	152,472.95	152,472.95	0.00
<a href="#">39B-900000-002</a>	Total Fund Balance	67,191.87	1,964,484.87	67,191.87	0.00

- Aid Certification also reports the regulatory balances as it must tie to the District's books

# 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 will no longer be an approved difference.**

# COMMUNITY PROGRAMS AND SERVICES

## Community Programs and Services

- Each function, program or service operated by a school district is a part of the district's general school operations (normally Fund 10 costs)
  - Unless documented to be part of the school board's established community programs or services offered under Wis. Stat. 120.13(19)



<https://dpi.wi.gov/sfs/finances/fund-info/community-service/overview>

## Fund 80 Program or Service Cost

- State law defines eligible community programs and services and WUFAR establishes the Community Service Fund 80. In addition, PI 80 has been created to define ineligible Fund 80 costs.
- State law specifies: *Costs associated with community programs and services shall not be included in the school district's shared cost under [s. 121.07 \(6\)](#).*

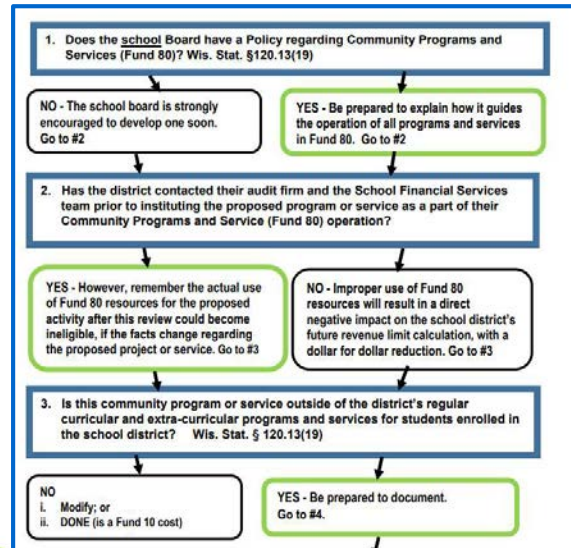
## Fund 80 Program or Service Cost

- The program or service offered by the school board is either a school cost (Fund 10) or a community program or service cost (Fund 80)
  - Staff can be jointly funded, but job duties distinct and separate
- Costs must be the actual, additional cost to operate community programs and services



# Decision Tree for Community Programs

- Tool to ask and answer 10 questions when reviewing community programs and services expenditures eligibility
- <https://dpi.wi.gov/sites/default/files/imce/sfs/pdf/Final-Decision-Tree-for-Potential-Fund-80-03-2019.pdf>



## Reporting Ineligible F80 Costs

- Report ineligible expenditures identified by the auditor on the PI-1506-AC
- Do not report expenditures that have been reclassified prior to filing the PI-1506-AC
- Report ineligible expenditures identified on the PI-1506-AC in the Schedule of Findings and Questioned Costs in the Financial Statements

Community Program and Services		
	District Entry	Auditor Entry
Was the Community Programs and Services Audited?		Yes
Has the auditor identified findings, comments, or errors in testing related to community programs and services?		No
If the auditor has identified any ineligible expenditures, please enter the amount here.	0.00	0.00
-- If Yes --		
You are required to <a href="#">send an email</a> with a description of the findings, comments, or errors in testing including the related amounts.		



## **ANNUAL REPORT & FINANCIAL STATEMENT REVIEW ITEMS**




## **DPI Process of Review**




- **Update with WDF**

## Financial Statement Review

- During our review of the financial statements, we tie out the amounts in the Fund Statements Fund Balance column in the Fund Balance Report.
  - The district and auditor will be contacted for variances. Changes may need to occur.
- 

## 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.
- 

## Reporting Late Changes

- All reports are closed for the October 15<sup>th</sup> Aid Certification from approximately October 1<sup>st</sup> to October 15<sup>th</sup>.
- The Annual Report and any unapproved reports reopen for necessary changes after October 15<sup>th</sup>.
- The Annual Report remains open until the DPI audit process is complete.


## 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.



## **GASB 87/96**

### **Leases and SBITAs**



## **GASB 87**



- Effective for FY22
- Clarifies accounting and financial reporting for leases.
- Must be applied to existing leases as well as new leases.



## GASB 87

- Districts should be aware of this implementation and should be compiling all contracts.
- Has been communicated by auditors

## GASB 87 WUFAR

- New WUFAR codes were added related to GASB 87
- Summary and Sample transactions posted

<https://dpi.wi.gov/sfs/finances/wufar/overview>

## GASB 87 Resources

- GASB Statement No. 87, Leases

<https://www.gasb.org/page/ShowDocument?path=GASBS87.pdf&acceptedDisclaimer=true&title=GASB+Statement+No.+87%2C+Leases&Submit=>

- GASB Implementation Guide No. 2019-3, Leases

<https://www.gasb.org/page/ShowDocument?path=Implementation%2520Guide%25202019-3%CE%93%C3%87%C3%B6Leases.pdf&acceptedDisclaimer=true&title=Implementation+Guide+No.+2019-3%2C+Leases&Submit=>

## GASB 87

- Discuss what we saw

## **GASB 96**

- Districts should be aware of this implementation and should be compiling all contracts.
- Has been communicated by auditors
- Discuss plan going forward

**WISEdata Finance/WiSFiP**

## What is WISEdata Finance?

- New financial data reporting system
- Financial data is sent directly to DPI from District's financial system.
- SFS additional reporting in Wisconsin School Finance Portal (WiSFiP)

## Why WISEdata Finance?

- Eliminate the manual part of financial reporting
- Better consistency with DPI and local accounts side by side
- Easier reporting compliance (CRDC, ESSA School Level, PI-1504/1505, etc.)

## How Does WISEdata Finance Work?

1. Vendors pull the current WUFAR Chart of Accounts from DPI
2. District pushes a crosswalk between local COA and WUFAR to DPI
3. District pushes budgets & YTD actuals by account to DPI

## What Does This Mean For Districts?

1. Coding must be correct
  - Vendors will pull the current WUFAR chart of accounts directly from the system
  - Incorrect accounts will be rejected


# What Does This Mean For Districts?

## 2. “Fixing the report” means fixing accounting software


- No manual data entry as in current SAFR
- Books aren’t truly closed until the audit and DPI review process is complete (generally March)

## COMMON AUDIT FINDINGS

## 2021-22 Federal Audit Findings

- 42 Child Nutrition Cluster
    - Procurement, Suspension and Debarment
  - 25 ESSER/GEER
    - Davis-Bacon
  - 6 IDEA
  - 2 Title I
- 

## 2021-22 State Audit Findings

- 39 Pupil Transportation Aid
  - 34 Special Education and School Age Parents
  - 2 Hight Cost Special Education Aid
  - 3 Achievement Gap Reduction
- 

## 2021-22 Financial Statement Findings

- **Financial Statement Preparation**
  - 285 Findings
- **Segregation of Duties**
  - 255 Findings
- **Material Audit Adjustments**
  - 113 Findings

## 2021-22 Financial Statement Findings

- **Cash Reconciliation**
  - 21 Findings
- **SEFA Preparation**
  - 21 Financial Statement Findings



## DUE DATES

### Report Due Dates – District Reports

<u>PI # / Report Title</u>	<u>Open Date</u>	<u>Due Date</u>
PI-1505 AC Aid Certification	<i>Early July</i>	8/26/2022
PI-1505 Annual Report	<i>Early July</i>	9/16/2022
PI-1505 SE Special Ed Annual	<i>Early July</i>	9/16/2022
School Level Annual Report	<i>Early July</i>	9/30/2022

# Report Due Dates – Auditor Reports

<u>PI # / Report Title</u>	<u>Open Date</u>	<u>Due Date</u>
PI-1506 AC AUDITOR Aid Certification	<i>Early July</i>	9/9/2022
PI-1506 FB AUDITOR Ending Fund Balance	<i>Early July</i>	9/9/2022
No Valid License/Questioned Cost Reporting	<i>Early July</i>	9/16/2022
Financial Statements	7/1/2022	12/15/2022

## Financial Statement Submission

- Submit by email to [dpiauditreports@dpi.wi.gov](mailto:dpiauditreports@dpi.wi.gov)
- Please include the following:
  - Audited Financial Statements
  - Single Audits Reports, if issued separately
  - Corrective Actions Plans, if applicable
  - Communication with Those Charged with Governance when “Other Matters” are included
  - Management Letters, if applicable
- DO NOT send Data Collection Forms to DPI

# Timely Reporting to DPI Impacts Us All

- Late submission of SAFR 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.

## Peer Review Letters

- Peer review letters
  - SFS team reviews firm peer review letters
  - Please send any updated peer review letters as soon as available
  - [DPIauditreports@dpi.wi.gov](mailto:DPIauditreports@dpi.wi.gov)

## Federal Funds not through DPI

- **Emergency Connectivity Fund**
  - Through FCC, administered by USAC.
  - Part of ARPA Act of 2021
- **Department of Administration**
  - Governor's CRF Funds
  - Get Kids Ahead

## Questions? Comments?



Subscribe to [Auditor Listserv](#)

# Contact Information

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