

Chapter PI 14

SCHOOL FINANCE

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|----------|---|----------|--|
| PI 14.01 | Official enrollment | PI 14.03 | Standard school audit contract -
minimum provisions |
| PI 14.02 | Minimum uniform contract provisions for section 66.30 agreements between 2 or more school districts | PI 14.10 | Driver education aid |

PI 14.01 Official enrollment. (1) A resident pupil may be included in the official enrollments of the schools of a district as of the dates specified in s. 121.05 (1) (a), Stats., only if:

(a) The pupil is in attendance on the date specified; or

(b) The pupil is absent on the date specified but has attended at least one day during the current school year prior to the date specified and attends at least one day after the date specified and remained a resident of the district during the period of absence; or

(c) In the event a pupil has been absent all days during the school year prior to and on the date specified, an application has been made for formal homebound instruction as of the date specified and documentation exists to support this application.

(2) If a pupil who is eligible to be included in the official enrollment under sub. (1) (b) of this section returns following the filing of the specified membership report, an amended report shall be filed.

History: Cr. Register, April, 1979, No. 280, eff. 5-1-79; am. Register, July, 1982, No. 319, eff. 8-1-82.

PI 14.02 Minimum uniform contract provisions for section 66.30 agreements between 2 or more school districts. (1) **AGREEMENT.** Pursuant to a resolution adopted by each of the cooperating school districts, (list participating districts) said school districts hereby mutually agree in a contract, pursuant to s. 66.30, Stats., to the following conditions:

(2) **CONDITIONS.** (a) That said above parties agree and contract for the cooperation of an educational program for students, (identify), as hereinafter set forth;

(b) That the (identify) school district is to be the operator and fiscal agent of said program;

(c) That student membership for state aid purposes be counted by the district of residence;

(d) That the annual budget shall be approved by each participating district prior to the beginning of the fiscal year and that the proration of costs to each participating district be determined prior to June 30 annually on the basis of pupil participation for each district and state aid reimbursements be prorated in the same manner and paid to the participating districts. The annual budget shall include all of the applicable direct instructional costs as well as all applicable support service and non-program costs such as administrative salaries and services, audit

costs, fiscal services, custodial services, utilities, maintenance services, space rental, building administration, etc.;

(e) That transportation, if required, is to be furnished by district of residence and the special transportation aid shall be claimed by the district of residence; (if the cooperative is to furnish transportation, revise this item)

(f) That the plan of operation for the cooperative shall be approved in advance of contract signing by all school district parties thereto;

(g) That variations from the budget will require prior approval of all school district boards;

(h) That the fiscal agent agrees to file a copy of the contract, any required plan of service and the required financial reports with the department of public instruction;

(i) That the fiscal agent shall establish and maintain records in accordance with the uniform financial accounting system prescribed by the department of public instruction;

(j) Date;

(k) Signatures of president and clerk of each cooperating school district.

(l) Contracts entered into under s. 66.30 (6), Stats., are not covered by this rule.

History: Cr. Register, February, 1979, No. 278, eff. 3-1-79; am. (1), (2) (d), (i) and (l), Register, June, 1983, No. 330, eff. 7-1-83.

PI 14.03 Standard school audit contract — minimum provisions. Although an expansion of the contents of this contract may be desired and is permitted, none of its provisions should be deleted. (s. 120.14 (4), Stats.)

(1) **AUDIT CONTRACT.** This agreement is entered into this ___ day of _____, 19___, between (school board on behalf of named school district), hereafter referred to as the district, and _____ (name of auditor), hereafter referred to as the auditor. The parties agree as follows:

(2) **AUDIT SCOPE.** (a) The auditor shall conduct an examination of the financial statements-regulatory basis for all the funds of the district, except (list funds excepted and reasons for exception), for the period from _____, 19___, to _____, 19___, inclusive.

(b) The auditor's examination shall be made in accordance with generally accepted auditing standards, and the provisions of the United States office of management and budget circular A-102, uniform administrative requirements for grants-in-aid to state and local governments, attachment P, audit requirements. The examination will not include a detailed audit of transactions to the extent which would be required if intended to disclose defalcations or other irregularities, although their discovery may result. The procedures necessary to comply with generally accepted auditing standards, for purposes of this contract, include the applicable procedures outlined by the Wisconsin institute of certified public ac-

countants, CPAs, in the WISCONSIN SCHOOL DISTRICT AUDIT GUIDE, by the American institute of certified public accountants, CPAs, in the industry audit guide—AUDITS OF STATE AND LOCAL GOVERNMENTAL UNITS, and by the department of public instruction in its WISCONSIN PUBLIC SCHOOL DISTRICT AUDIT MANUAL. The 10 generally accepted auditing standards are:

1. The examination is to be performed by a person or persons having adequate technical training and proficiency as an auditor.

2. In all matters relating to the assignment, an independence in mental attitude is to be maintained by the auditor or auditors.

3. Due professional care is to be exercised in the performance of the examination and the preparation of the report.

4. The work is to be adequately planned and assistants, if any, are to be properly supervised.

5. There is to be a proper study and evaluation of the existing internal control as a basis for reliance thereon and for the determination of the resultant extent of the tests to which auditing procedures are to be restricted.

6. Sufficient competent evidential matter is to be obtained through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an opinion regarding the financial statements under examination.

7. The report shall state whether the financial statements are presented in accordance with generally accepted accounting principles.

8. The report shall state whether such principles have been consistently observed in the current period in relation to the preceding period.

9. Informative disclosures in the financial statements are to be regarded as reasonably adequate unless otherwise stated in the report.

10. The report shall either contain an expression of opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed. When an overall opinion cannot be expressed, the reasons therefor should be stated. In all cases where an auditor's name is associated with financial statements, the report should contain a clear-cut indication of the character of the auditor's examination, if any, and the degree of responsibility the auditor is taking.

(c) The standards of reporting par. (b) 7 require that the auditor's report shall take notice of the regulatory basis of accounting prescribed by the department of public instruction.

(d) The auditor shall express an opinion on the financial statements of all funds covered in the scope of this engagement. If the auditor is unable to express an unqualified opinion, the auditor shall state fully the reasons for qualification or disclaimer of opinion.

(3) INDEPENDENCE. Implicit in the auditor's expression of an unqualified opinion on financial statements is the auditor's representation of independence with respect to those statements.

(4) TIMING, LOCATION AND CONDUCT OF AUDIT WORK. (a) The district recognizes that its appropriate officers have the responsibility for the

proper recording of transactions in the books of account, for the safeguarding of assets and for the substantial accuracy of the financial statements-regulatory basis. These district officers have the responsibility to close and balance all accounts and to have prepared the financial statements-regulatory basis for all funds to be examined by the auditor.

(b) The audit shall be conducted on district premises at a mutually agreeable time, and the district shall provide space deemed adequate by the auditor to conduct the examination efficiently.

(c) The auditor shall observe the adequacy of the systems of internal control, including controls over student activity funds and those concerned with maintaining compliance with finance-related legal provisions. If material weaknesses are noted, appropriate recommendations shall be reviewed with the appropriate administrator and then included in a separate letter to the district's school board.

(d) The district also authorizes the auditor to respond directly to inquiries from the department of public instruction, including requests to review audit working papers. The auditor shall notify the school board of any such inquiries or requests and of the auditor's reply thereto.

(5) **REPORTS.** The auditor shall submit to the district's school board the following reports, with a copy of each for transmittal to the department of public instruction:

(a) Report on examination of statement of the district's financial statements-regulatory basis for the year ended June 30, 19__ with supplemental information as required by the department of public instruction or requested by the district.

(b) Financial audit statement for the year ended June 30, 19__ as required by the department of public instruction.

(c) Management letter, with appropriate recommendations, commenting on material weaknesses in internal control and identified possible noncompliance with finance-related legal provisions.

(d) Federal program audit statement(s), as required by the department of public instruction.

(e) Membership audit report, as required by the department of public instruction.

(f) Food services audit statement, as required by the department of public instruction.

(g) _____

(h) _____

(6) **COMPENSATION AND TERMS OF PAYMENT.** (a) Fees shall be based on the time required by the individuals assigned by the auditor, plus direct expenses. Individual hourly rates vary according to the degree of responsibility involved and the skill required.

DEPARTMENT OF PUBLIC INSTRUCTION 152-1
PI 14

(b) (Name), certified public accountant, CPA, is the partner in charge of all work performed by the auditor. The auditor is responsible for all aspects of this engagement.

(c) The auditor estimates the fee for this examination and above-listed reports will range from \$ _____ to \$ _____. Should unforeseen difficulties be encountered during the examination which would require additional work by the auditor, an estimate of the cost of such additional work shall be brought to the board's attention prior to the performance of the additional work.

(d) The auditor may submit bills as work progresses and as expenses are incurred.

_____ (name of school district)

by _____ (name of contracting district officer or officers)

_____ (name of auditor)

by _____ (name of partner),
certified public accountant, CPA, partner

History: Cr. Register, April, 1979, No. 280, eff. 5-1-79; am. Register, July, 1982, No. 319, eff. 8-1-82.