

CR 81-246

CERTIFICATE

RECEIVED

STATE OF WISCONSIN )  
 ) SS  
DEPARTMENT OF PUBLIC INSTRUCTION )

JUN 18 1982  
2.25  
Revisor of Statutes  
Bureau

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, State Superintendent of the Department of Public Instruction and custodian of the official records of said department, do hereby certify that the annexed amendment to the rules relating to provisions of the standard school audit contract was duly adopted by this Department on July 1, 1982.

I further certify that said copy has been compared by me with the original on file in this Department and the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department of Public Instruction at 125 South Webster Street, in the City of Madison, this 17 day of June, 1982.

STATE OF WISCONSIN  
RECEIVED AND FILED

JUN 18 1982

VEL PHILLIPS  
SECRETARY OF STATE

*Herbert J. Grover* by *BNTB*  
Herbert J. Grover  
State Superintendent  
State Department of Public Instruction  
*Deputy*

8-1-82

ORDER OF THE  
DEPARTMENT OF PUBLIC INSTRUCTION  
AMENDING RULES

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Revisor of Statutes  
BureauSTATE OF WISCONSIN  
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VEL PHILLIPS  
SECRETARY OF STATE

1 To amend PI 14.03 relating to provisions of the standard school audit contract.

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Analysis Prepared by the Department of Public Instruction

The proposed audit contract rule updates the Standard School District Audit Contract required by s. 120.14(4), Stats., to reflect current regulatory audit requirements and practices as prescribed by federal regulations and the AICPA.

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2 Pursuant to the authority vested in the Department of Public Instruction by s.  
3 120.14(4), Stats., the Department hereby amends rules interpreting those sections of  
4 the statutes as follows:

5 SECTION 1. PI 14.03 is amended to read:

6 PI 14.03 STANDARD SCHOOL AUDIT CONTRACT - MINIMUM PROVISIONS. Although an  
7 expansion of the contents of this contract may be desired and is permitted, none of  
8 its provisions should be deleted. (s. 120.14(4), Stats.)

9 (1) AUDIT CONTRACT. This agreement is entered into this \_\_\_\_ day of \_\_\_\_\_,  
10 19\_\_, between (School-Board school board on behalf of named School-District school  
11 district), hereafter referred to as the District district, and (Name name of  
12 Auditor auditor), hereafter referred to as the Auditor auditor. The parties agree  
13 as follows:

14 (2) AUDIT SCOPE. (a) The Auditor auditor shall conduct an examination of the  
15 ~~statements-of-receipts-and-disbursements-of~~ financial statements-regulatory basis for  
16 all the funds of the District district, except (list funds excepted and reasons for  
17 exception), for the period from \_\_\_\_\_, 19\_\_ to \_\_\_\_\_, 19\_\_,  
18 inclusive.

19 (b) The Auditor's auditor's examination shall be made in accordance with generally  
20 accepted auditing standards, and the provisions of the United States office of

1 management and budget circular A-102, uniform administrative requirements for grants-  
2 in-aid to state and local governments, attachment P, audit requirements. The examina-  
3 tion will not include a detailed audit of transactions to the extent which would be  
4 required if intended to disclose defalcations or other irregularities, although their  
5 discovery may result. The procedures necessary to comply with generally accepted  
6 auditing standards, for purposes of this contract, include ~~these-prescribed the~~  
7 applicable procedures outlined by the Wisconsin Institute institute of certified  
8 public accountants, CPAs, in the WISCONSIN SCHOOL DISTRICT AUDIT GUIDE, by the American  
9 Institute institute of certified public accountants, CPAs, in the Industry-Audit-Guide  
10 industry audit guide--AUDITS OF STATE AND LOCAL GOVERNMENTAL UNITS, and by the  
11 Wisconsin Department department of Public-Instruction public instruction in its  
12 WISCONSIN PUBLIC SCHOOL DISTRICT AUDIT MANUAL. The 10 generally accepted auditing  
13 standards are:

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

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

18 3. Due professional care is to be exercised in the performance of the examina-  
19 tion and the preparation of the report.

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

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

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

28 7. The report shall state whether the financial statements are presented in

1 accordance with generally accepted accounting principles.

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

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

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

13 (c) The standards of reporting ~~{#7-above}~~ sub. (b)7 require that the auditor's  
14 report will shall take ~~note-of-a-comprehensive-basis-of-accounting-other-than-the~~  
15 ~~accrual-basis.--Only-the-full-accrual-basis-is-in-accordance-with-generally~~  
16 ~~accepted-accounting-principles~~ notice of the regulatory basis of accounting prescribed  
17 by the department of public instruction.

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

22 (3) INDEPENDENCE. Implicit in the Auditor's auditor's expression of an  
23 unqualified opinion on financial statements is ~~his/her~~ the auditor's representation  
24 ~~that-he/she-is-independent~~ of independence with respect to those statements.

25 (4) TIMING, LOCATION AND CONDUCT OF AUDIT WORK. (a) The ~~District~~ district  
26 recognizes that its appropriate officers have the responsibility for the proper  
27 recording of transactions in the books of account, for the safeguarding of assets

1 and for the substantial accuracy of the ~~statement-of-receipts-and-disbursements~~  
2 financial statements-regulatory basis. These ~~District~~ district officers have the  
3 responsibility to close and balance all accounts and to have prepared ~~statements-of~~  
4 ~~receipts-and-expenditures~~ the financial statements-regulatory basis for all funds to  
5 be examined by the ~~Auditor~~ auditor.

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

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

15 (d) The ~~District~~ district also authorizes the ~~Auditor~~ auditor to respond  
16 directly to inquiries from the Department department of Public-Instruction public  
17 instruction, including requests to review audit working papers. The ~~Auditor~~ auditor  
18 shall notify the ~~School-Board~~ school board of any such inquiries or requests and of  
19 the ~~Auditor's~~ auditor's reply thereto.

20 (5) REPORTS. The ~~Auditor~~ auditor shall submit to the ~~District's-School-Board~~  
21 district's school board the following reports, with a copy of each for transmittal to  
22 the department of public instruction:

23 (a) Report on examination of ~~statement-of-receipts-and-disbursements~~ the district's  
24 financial statements-regulatory basis for the year ended June 30, 19\_\_ and-additional  
25 with supplemental information as requested required by the department of public  
26 instruction or requested by the district.

27 (b) Financial Audit audit statement for the school year ended June 30, 19\_\_ to-be

1 ~~submitted to the Wisconsin Department of Public Instruction~~ as required by the  
2 department of public instruction.

3 (c) ~~Letter of recommendations as discussed above~~ Management letter, with  
4 appropriate recommendations, commenting on material weaknesses in internal control  
5 and identified possible noncompliance with finance-related legal provisions.

6 (d) ~~Audit statement to the State Superintendent of Public Instruction for audits~~  
7 ~~required for federal programs~~ Federal program audit statement(s), as required by the  
8 department of public instruction.

9 (e) Membership Audit audit Statement report, as required by the Department  
10 department of Public Instruction public instruction.

11 (f) Food Services-Field-Review-Questionnaire services audit statement, as required  
12 by the Department department of Public Instruction public instruction.

13 (g) \_\_\_\_\_

14 \_\_\_\_\_  
15 (h) \_\_\_\_\_  
16 \_\_\_\_\_

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

21 (b) (Name), certified public accountant, CPA, is the partner in charge of all  
22 work performed by the Auditor auditor. The auditor He/she is responsible for all  
23 aspects of this engagement.

24 (c) The Auditor auditor estimates the fee for this examination and above-listed  
25 reports will range from \$ \_\_\_\_\_ to \$ \_\_\_\_\_. Should unforeseen difficulties  
26 be encountered during the ~~course of our~~ examination which would require additional  
27 work ~~on our part~~ by the auditor, an estimate of the cost of such additional work shall  
28 be brought to the Board's board's attention prior to the performance thereof of the

1 additional work.

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

4 (Name-of-School-District name of school district)

5 by (Name-of-Contracting-District-Officer-or-Officers name

6 of contracting district officer or officers)

7 (Name-of-Auditor name of auditor)

8 by (Name-of-Partner name of partner) , certified public accountant, CPA,

9 Partner partner

The amendment of PI 14.03 shall take effect on July 1, 1982.

Dated this 29th day of January, 1982.



Herbert J. Grover  
State Superintendent

Administrative Rule  
FISCAL NOTE

Agency Department of Public Instruction 125 South Webster Street P.O. Box 7841 Madison, Wisconsin 53707	Rule No. PI 14.03
Subsection	
Subject (Title) of Rule Concerning provisions of the standard school audit contract	

Local Fiscal Effect

- Local:  Increase/decrease Existing Fiscal Liability  
 Create New Fiscal Liability  
 Increase/Decrease Existing Revenues
- No Local Fiscal Effect

Types of Local Governmental Units Affected:

- ( ) Towns      ( ) Villages      ( ) Cities      ( ) Counties      ( ) Others \_\_\_\_\_

Is Fiscal Effect: ( ) Permissive      ( ) Mandatory

Assumptions and methodology used in arriving at local fiscal impact or rationale for concluding that there is no fiscal impact.

These changes update PI 14.03 to reflect current laws, federal regulations and auditing practices prescribed by the American Institute of Certified Public Accountants (AICPA).

No fiscal effect is anticipated.

Long-Range Fiscal Implications

*Amos C. Veil*

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Dec. 22, 1981.