

Chapter PI 14

SCHOOL FINANCE

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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) 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; correction in (2) made under s. 13.93 (2m) (b) 4, Stats., Register, May, 1987, No. 377.

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

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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 Minimum standards for audit and standard school district audit contract. (1) DEFINITIONS. In this section:

(a) "Auditor" means the licensed accountant employed by the school board to perform the audit.

(b) "Defalcation" means the misappropriation of assets.

(c) "Department" means the Wisconsin department of public instruction.

(d) "Fiscal year" means the school year as defined under s. 115.001 (13), Stats.

(e) "Licensed accountant" means a person licensed as a certified public accountant or a public accountant by the accounting examining board under ch. 442, Stats.

(f) "School board" means the school board in charge of the schools of the district.

(g) "School district" has the meaning described in s. 115.01 (3), Stats.

(2) MINIMUM STANDARDS FOR AUDIT. Under s. 120.14 (1), Stats., at the close of each fiscal year, the school board of each school district shall employ a licensed accountant to audit the school district accounts and certify the audit. The minimum requirements for the audit are as follows:

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(a) *Audit scope.* 1. The auditor shall conduct an examination of the combined general purpose financial statements including all funds and account groups of the school district for the fiscal year.

2. The auditor's examination shall be made in accordance with all applicable federal laws and regulations and Wisconsin Statutes and administrative rules, including the following:

a. Generally accepted auditing standards as required under s. Accy 1.202. For purposes of the contract under sub. (3), the procedures necessary to comply with the generally accepted auditing standards shall include the applicable procedures outlined by the Wisconsin institute of certified public accountants in the Wisconsin school district audit guide; by the American institute of certified public accountants in the industry audit guide, audits of state and local governmental units; and by the department in the Wisconsin school district audit manual.

b. The standards for financial and compliance audits contained in the standards for audits of governmental organizations, programs, activities, and functions, issued by the comptroller general of the United States.

c. The applicable provisions of the United States office of management and budget, circular A-128, audits of state and local government, issued pursuant to the Single Audit Act of 1984 at 31 USC ss. 7501 to 7507.

3. The examination is not required to 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. If the examination discloses any irregularity, the auditor shall report the irregularity to the school board and to the department.

4. The financial statements presented in the auditor's report shall comply with generally accepted accounting principles and shall conform to the accounting system prescribed by the department under s. 115.28 (13), Stats.

5. The auditor shall express an opinion on the financial statements of all funds covered in the scope of the audit. If the auditor is unable to express an unqualified opinion, the auditor shall state fully the reasons for qualification or disclaimer of opinion. The school district shall correct any deficiency which results in a qualification or disclaimer of opinion.

(b) *Independence.* The auditor shall maintain independence with respect to the financial statements and the opinion.

(c) *Timing, location and conduct of audit work.* 1. The school district shall be responsible 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. The school district officers shall close and balance all accounts and have the financial statements for all funds and account groups prepared prior to examination by the auditor.

2. The audit shall be conducted on school district premises.

3. The auditor shall observe the adequacy of the systems of internal control for all funds of the school district, including those concerned with maintaining compliance with legal provisions related to finance. If material weaknesses are noted, the auditor shall review appropriate recom-

mendations with the appropriate administrator and shall include them in a separate letter to the school board.

4. The auditor shall retain the audit workpapers and reports for at least 3 years from the date of the audit report, unless the auditor is notified in writing by the department or by the United States department of education to extend the retention period. The auditor shall respond directly to inquiries from the department or from the United States department of education, and permit these agencies, upon written request, to review audit workpapers. The auditor shall notify the school board of any such inquiries or requests and of the auditor's response.

(d) *Reports.* The auditor shall submit to the school board the following reports and shall supply copies for transmittal to the department and other agencies as may be required under applicable statutes or rules:

1. Report on examination of the school district's combined general purpose financial statements as of June 30 of the fiscal year, with supplemental information as required by the department or requested by the district.

2. Financial audit statement for the fiscal year.

3. Management letter, commenting on material weaknesses in internal control and identifying possible noncompliance with any legal provisions related to finance with appropriate recommendations.

4. Federal program audit statement.

5. Federal program audit reports and schedules, as appropriate.

6. State program audit reports and schedules, as appropriate.

7. Membership audit report, if required by the department under s. 115.28 (18), Stats.

Note: The following forms are available at no charge from the Department of Public Instruction, Division for School Financial Resources and Management Services, P.O. Box 7841, Madison, WI 53707:

PI 1506 Financial Audit Statement

PI 1507 Federal Program Audit Statement

(3) **STANDARD SCHOOL DISTRICT AUDIT CONTRACT.** The school board may utilize the standard school district audit contract format prescribed by the department in the appendix to this chapter. If the school board does not utilize the format prescribed by the department, it shall ensure that the contract contains all of the provisions in sub. (2) and all of the following provisions:

(a) It shall specify the compensation agreed upon between the school board and the auditor including an estimate as to the total cost of the audit provided by the auditor.

(b) It shall specify terms of payment.

(c) It shall be signed by both of the following:

1. A school district officer who is authorized by the school board to enter into a contractual agreement.

2. The owner or partner of the audit firm.

(4) NONCOMPLIANCE WITH THE MINIMUM STANDARDS FOR AUDIT. Any audit which the department determines is not in compliance with this section shall be referred to the school district for corrective action.

Note: *The Wisconsin School District Audit Guide* may be obtained from the Wisconsin Institute of Certified Public Accountants, 180 North Executive Drive, Brookfield, WI 53005.

Audits of State and Local Governmental Units may be obtained from the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036-8775.

Governmental Accounting and Financial Reporting Standards may be obtained from the Governmental Accounting Standards Board of the Financial Accounting Foundation, High Ridge Park, Stamford, CT 06905-0821.

The Wisconsin School District Audit Manual may be obtained from the Department of Public Instruction, 125 South Webster Street, P.O. Box 7841, Madison, WI 53707.

Standards for Audits of Governmental Organizations, Programs, Activities and Functions by the Comptroller General of the United States may be obtained from Superintendent of Documents, Public Documents Department, U.S. Government Printing Office, Washington, D.C. 20402.

All of the above publications are available for examination at the Department of Public Instruction, Division for School Financial Resources and Management Services, 125 South Webster Street, Madison, Wisconsin.

History: Cr. Register, April, 1979, No. 280, eff. 5-1-79; am. Register, July, 1982, No. 319, eff. 8-1-82; r. and recr. Register, May, 1987, No. 377, eff. 6-1-87.

APPENDIX

STANDARD SCHOOL DISTRICT 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:

AUDIT SCOPE

The auditor shall conduct an examination of the combined general purpose financial statements, including all funds and account groups of the district as of, and for the year ended June 30, 19____.

The auditor's examination shall be made in accordance with the following:

(a) Generally accepted auditing standards. The procedures necessary to comply with the generally accepted auditing standards, for purposes of this contract, include the applicable procedures outlined by the Wisconsin Institute of Certified Public Accountants, in the WISCONSIN SCHOOL DISTRICT AUDIT GUIDE; by the American Institute of Certified Public Accountants in the Industry Audit Guide, AUDITS OF STATE AND LOCAL GOVERNMENTAL UNITS; and by the Department of Public Instruction in the WISCONSIN SCHOOL DISTRICT AUDIT MANUAL.

(b) The standards for financial and compliance audits contained in the STANDARDS FOR AUDITS OF GOVERNMENTAL ORGANIZATIONS, PROGRAMS, ACTIVITIES, AND FUNCTIONS, issued by the Comptroller General of the United States;

(c) The provisions of the United States Office of Management and Budget, Circular A-128, AUDITS OF STATE AND LOCAL GOVERNMENT, issued pursuant to the Single Audit Act of 1984.

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.

Financial statements presented in the auditor's report shall comply with generally accepted accounting principles and conform to the accounting system prescribed by the Department of Public Instruction.

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. The district recognizes it has the responsibility to correct any deficiency which results in a qualification or disclaimer of opinion.

INDEPENDENCE

Implicit in the auditor's expressions of an unqualified opinion on financial statements is the auditor's representation of independence with respect to those statements.

TIMING, LOCATION AND CONDUCT OF AUDIT WORK

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. These district officers have the responsibility to close and balance all accounts and to have prepared the financial statements for all funds and account groups to be examined by the auditor.

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 officially.

The auditor shall observe the adequacy of the systems of internal control for all funds of the district, including 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.

Audit workpapers and reports shall be retained for a minimum of three years from the date of the audit report, unless the auditor is notified in writing by the Department of Public Instruction or the United States Department of Education to extend the retention period. The district authorizes the auditor to respond directly to inquiries from the Department of Public Instruction or the United States Department of Education, including requests to review audit workpapers. The auditor shall notify the school board of any such inquiries or requests and of the auditor's reply thereto.

REPORTS

The auditor shall submit to the district's school board the following reports, with copies of each for transmittal to the Department of Public Instruction and other agencies as required:

- (a) Report on examination of the district's combined general purpose financial statements, as of, and 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, commenting on material weaknesses in internal control and identifying possible noncompliance with finance-related legal provisions with appropriate recommendations.
- (d) Federal program audit statement as required by the Department of Public Instruction.
- (e) Federal program audit reports and schedules, as required.
- (f) State program audit reports and schedules, as required.

(g) Membership audit report, as required by the Department of Public Instruction.

(h) Other (specify): _____

(i) Other (specify): _____

COMPENSATION AND TERMS OF PAYMENT

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. (NOTE: Other payment terms may be agreed upon in the contract. This is provided as an example).

_____, certified public accountant, is the owner or partner in charge of all work performed and is responsible for all aspects of this engagement.

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.

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

Contracting District Officer	
Typed Name and Title	Signature

Contracting District Officer	
Typed Name and Title	Signature

Audit Firm	
Typed Name and Title	Signature

Partner (Owner)	
Typed Name and Title	Signature
