

**PRIVATE SCHOOL CHOICE PROGRAMS**

**AUDIT GUIDE**

**FISCAL AND INTERNAL CONTROL PRACTICES**

**REPORT TO THE**

**WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION**

**DECEMBER 15, 2023**

**ISSUED BY THE**

**WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION**

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**Foreword**

This guide provides the reporting formats and procedures for the Fiscal and Internal Control Practices report (“Report”) for schools participating in the Milwaukee Parental Choice Program (MPCP), Racine Parental Choice Program (RPCP) and Wisconsin Parental Choice Program (WPCP), collectively “Choice” (PSCP), as required by Wisconsin Stat. §§ 119.23(7)(am)2m.b. (MPCP) and (7)(am)2m.b. (RPCP & WPCP). Wis. Admin. Codes PI 35 and PI 48, “PI 35 and PI 48” include a detailed listing of procedures that must be completed by the auditor.

**School Management and Auditor Responsibility:** It should be made clear to school management that they are responsible for compliance with the fiscal and internal control practices required by PI 35 and PI 48, and other laws, regulations and contracts; and that the practitioner’s responsibility is to disclose to the DPI the status of the school regarding compliance or non-compliance with identified fiscal and internal control practices based on the agreed-upon procedures performed.

**Agreed Upon Procedures & Incomplete Procedures:** Wisconsin Administrative Code PI 35 and PI 48 require the use of agreed-upon procedures. This Guide contains procedures identified as “Agreed-Upon Procedures” that constitute the procedures the auditor must complete to determine if the school is in compliance with the fiscal and internal control practices in Wisconsin Administrative Code PI 35 and PI 48 and Wis. Stat. §§ 118.60 and 119.23. If a pertinent procedure was not performed as part of the attestation engagement, the DPI is to be notified in a separate written communication regarding the reason for not performing the procedure. Under professional standards, when a practitioner undertakes an attestation engagement for the benefit of a government body or agency and agrees to follow specified government standards, guides, procedures, statutes, rules, and regulations, the practitioner must complete the required agreed-upon procedures, as well as applicable attestation standards.

**The auditor may not modify the format of the Report or the procedures performed.** **All Agreed-Upon Procedures must be included. The results must be updated based on the results of the procedures. The auditor must complete the information in brackets.** **Information in italics provides additional guidance. IF ANY PROCEDURES IN THIS GUIDE ARE NOT COMPLETED, THE DPI WILL NOT CONSIDER THE FISCAL AND INTERNAL CONTROL PRACTICES REQUIREMENT MET.**

**Procedure & Report Formats:** The procedures and Report formats should be “copied and pasted” as needed when developing the attestation program and for meeting reporting requirements. Please note that the Fiscal and Internal Control Practices Independent Accountant’s Report is addressed to the DPI as required by PI 35 and PI 48. The Report format has been carefully developed to identify the responsibilities of the practitioner and the school’s management. There should be no changes to the Report language.

**Option for Schools with Same Federal Tax ID Number (FEIN):** If the school shares a FEIN number with other schools participating in the Choice programs, one report may be submitted for all schools if the schools have the same fiscal and internal control practices and the same personnel completing the procedures. If this option is used, the auditor must complete the following:

1. The school name on the first page of the report must identify all of the schools participating in the Choice programs that are included in the report.
2. The report must include Sections 3B, 3C, 4 (except 4I and 4K), 5B, and 5D separately for each school.
3. The auditor must complete the required sample for each school. For example, if the required sample size is 5 for a procedure and there are 5 schools, 5 must be tested for each school for a total number tested of 25.
4. The auditor must complete the procedure for each school in this report; but how this is completed will vary for each organization/procedure. For example, if the schools have separate eligible education expense policies, the auditor would need to confirm each school had a policy. Alternatively, if the schools had one eligible education expense policy that applied to all the schools, the auditor could complete the procedure by reviewing the eligible education expense policy for all the schools. If any non-compliance items are identified for any procedures except Sections 3B, 3C, 4 (except 4I and 4K), 5B, and 5D, the report must add a number at the end of the Results for that procedure that identifies whether the finding was for all the schools or identify the specific school that had the non-compliance issue.
5. If the auditor identifies any non-compliance items in Section 3B, 3C, 4 (except 4I and 4K), 5B, or 5D for any of the schools, the auditor must add a summary of the findings for Sections 3, 4, and 5 after the general findings section that summarizes the results by school for Sections 3, 4, and 5 as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **School Name** | **Section 3** | **Section 4** | **Section 5** |
| {Name} | {In Compliance/Not In Compliance} | {In Compliance/Not In Compliance} | {In Compliance/Not In Compliance} |
| {Name} | {In Compliance/Not In Compliance} | {In Compliance/Not In Compliance} | {In Compliance/Not In Compliance} |

**Management Response Letter & Additional Documentation Requirements:** Wisconsin Administrative Code PI 35.13 (14) (b) and PI 48.13 (14) (b) **require** that the school include a response to all findings of non-compliance except for any non-compliance items noted in Item 13 related to the financial audit management letter review. The Report shall include a letter from the school describing the reasons for non-compliance and the corrective action the school is taking. It is expected that schools will take the necessary and timely actions required to address identified instances of non-compliance in the Fiscal and Internal Control Practices report.

If the auditor identified that the non-compliance item was resolved in the Report, the letter from the school should indicate this and how the school will ensure the non-compliance item does not occur in the future. Otherwise, management should provide evidence that the item(s) identified by the auditor are resolved to the Department of Public Instruction (DPI) no later than January 15, 2024. When possible, the school should include in the required response to issues of non-compliance what the school has done to correct the issue and provide documentation to the DPI that the issue has been resolved. Generally, this evidence may be uploaded to the 2023-24 Fiscal & Internal Control Practices Reports Kiteworks folder identified below or emailed to dpichoiceauditreports@dpi.wi.gov. If the information includes personally identifiable information or confidential information (such as social security numbers or bank account numbers), the information should be uploaded to the Kiteworks folder. A school that is not in compliance with program requirements may have payments withheld or may be terminated from the program, even if evidence that the school later met the requirements is provided to the DPI.

**Completed Report Submission:** The Report, including the school management’s response to all findings of non-compliance except for any non-compliance items noted in Item 13 (if required), must be loaded to the 2023-24 Fiscal & Internal Control Practices Reports Kiteworks folder at <https://sft.dpi.wi.gov/w/f-d9512ea9-5d5b-4340-8440-46cb49e89d28> by December 15, 2023. All auditors on the auditor listserve and all Choice administrators will be given access to the folder. **Please be aware you will not be able to see reports loaded by any other individual.** **Faxed, emailed, or mailed copies or links to Google docs will not be accepted.** The document should not have additional pages added to the front of the report. The first page of the report should be page 5 of this document.

The submitted report should be named “{School Name on the Cover Page of the Enrollment Audit} 23-24 FICPR”. If the school has any instances of non-compliance that require a management response letter, the letter should either be the last page of the submitted FICPR or uploaded as a separate pdf or Word document. If uploaded to Kiteworks as a separate document, it should be named “{School Name on the Cover Page of the Enrollment Audit} 23-24 FICPR Mgmt Response”.

The report should only be sent as a pdf document. If possible, the pdf should be saved so that the navigation links that allow for an individual to navigate to each section are maintained. The auditor may view these links in Word by going to the View ribbon and clicking the box next to Navigation Pane in the Show section.

# Summary of Changes to the 2023-24 Report

|  |  |  |
| --- | --- | --- |
| **Item** | **Requirement** | **Change(s)** |
| N/A | General | 1. No changes.
 |
| Item 1 | [Financial Accounting System Requirements](#_Financial_Accounting_System)  | 1. No changes.
 |
| Item 2 | [Budget Requirements](#_Budget_Requirements_[PI) | 1. No changes.
 |
| Item 3 | [Expense Payment Requirements](#_Expense_Payment_Requirements) | 1. Specified what should be provided if the auditor would like to request to stop the required testing at 100 samples when errors are identified in Item 3B.
 |
| Item 4 | [Employee Compensation Payment Requirements](#_Employee_Compensation_Payment) | 1. Modified the required risk elements for the 2024-25 financial viability risk to indicate a high risk is required:
	1. If certain amounts haven’t been paid by the report date or December 15, 2023, whichever is earlier.
	2. If 100 or more samples are required in Item 3B.
 |
| Item 5 | [Financial Internal Control System Requirements](#{15E3D}) | 1. Changed “A/P Register” to “Check Register” in Item 5D to use consistent terminology with Item 3.
2. Added specific result items in Item 5E and clarified that the bank reconciliation must be completed by the testing date to be considered timely.
 |
| Item 6 | [Government Agency Filing Requirements](#_Government_Agency_Filing) | 1. No changes.
 |
| Item 7 | [Liability Insurance Requirements](#_Liability_Insurance_Requirements) | 1. No changes.
 |
| Item 8 | [School Bus Requirements](#_School_Bus_Requirements) | 1. Clarified a motor bus painted a color other than school bus yellow used only for school-related curricular or extracurricular transportation is required to meet the bus requirements (included in introduction).
 |
| Item 9 | [Alternative Vehicle Pupil Transportation Requirements](#_Alternative_Vehicle_Pupil) | 1. No changes.
 |
| Item 10 | [Background Checks](#_Background_Checks_[Wis.) | 1. Added that the workpapers should note:
	1. Whether the individual had a Lifetime license or license that expires.
	2. If the individual’s license expires, the expiration date.

Beginning next year, the check to determine if a license is current will be every 5 years for lifetime licenses and when the license expires for individuals with a license that expires. |
| Item 11 | [Fidelity Bond Requirement](#_Fidelity_Bond_Requirement) | 1. No changes.
 |
| Item 12 | [Employee Education Requirements](#_Employee_Education_Requirements) | 1. Revised the procedures to indicate that only certain individuals needed to be reviewed to determine if they met the teacher or teacher aid employee education requirements.
2. Added that the workpapers should note the following if the license option is used:
	1. Whether the individual had a Lifetime license or license that expires.
	2. If the individual’s license expires, the expiration date.

Beginning next year, the check to determine if a license is current will be every 5 years for lifetime licenses and when the license expires for individuals with a license that expires. |
| Item 13 | [Management Letter](#_Management_Letter_Review) | 1. No changes.
 |
| N/A | Financial Viability Risk Assessment | 1. No changes.
 |

{ON FIRM LETTERHEAD}

Independent Accountant’s Report

{NAME OF SCHOOL}

{CITY OF SCHOOL}

Private School Choice Programs

FISCAL AND INTERNAL CONTROL PRACTICES REPORT

 TO THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

Wisconsin Department of Public Instruction

125 South Webster Street

Madison, WI 53703

We have performed the procedures enumerated below on the {name of school}’s (School) identified fiscal and internal control practices required by Wis. Admin. Codes PI 35 and PI 48 (PI 35 and PI 48) for schools participating in the Private School Choice Programs (Choice or PSCP). The School is responsible for compliance with the requirements of PI 35 and PI 48 and other laws, regulations, and contracts.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining whether the School is in compliance as of {date of attestation} with identified fiscal and internal control practices required by PI 35 and PI 48 for schools participating in the PSCP and reporting the findings to the Wisconsin Department of Public Instruction (DPI). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. As required by PI 35 and PI 48, the firm did not rely on oral or written representations of the School’s administration and staff in making its determination as to compliance or non-compliance with requirements.

The following table summarizes the status of the School as being in compliance or not in compliance with the identified fiscal and internal control practices. All items where any exception was noted are identified as not being in compliance. For any items that were not in compliance, the final column identifies if the item has been resolved/corrected by the report date.

# Summary of Results

|  |  |  |  |
| --- | --- | --- | --- |
| **Item** | **Requirement** | **Result** | **Resolved/Corrected by Report Date** |
| Item 1 | [Financial Accounting System Requirements](#_Financial_Accounting_System) | {In Compliance/Not In Compliance} | N/A |
| Item 2 | [Budget Requirements](#_Budget_Requirements_[PI) | {In Compliance/Not In Compliance} | {Yes,No,N/A} |
| Item 3 | [Expense Payment Requirements](#_Expense_Payment_Requirements) | {In Compliance/Not In Compliance} | {Yes,No,N/A} |
| Item 4 | [Employee Compensation Payment Requirements](#_Employee_Compensation_Payment) | {In Compliance/Not In Compliance} | {Yes,No,N/A} |
| Item 5 | [Financial Internal Control System Requirements](#_Financial_Internal_Control) | {In Compliance/Not In Compliance} | {Yes,No,N/A} |
| Item 6 | [Government Agency Filing Requirements](#_Government_Agency_Filing) | {In Compliance/Not In Compliance} | {Yes,No,N/A} |
| Item 7 | [Liability Insurance Requirements](#_Liability_Insurance_Requirements) | {In Compliance/Not In Compliance} | {Yes,No,N/A} |
| Item 8 | [School Bus Requirements](#_School_Bus_Requirements) | {In Compliance/Not In Compliance/N/A} | {Yes,No,N/A} |
| Item 9 | [Alternative Vehicle Pupil Transportation Requirements](#_Alternative_Vehicle_Pupil) | {In Compliance/Not In Compliance/N/A} | {Yes,No,N/A} |
| Item 10 | [Background Checks](#_Background_Checks_[Wis.) | {In Compliance/Not In Compliance} | {Yes,No,N/A} |
| Item 11 | [Fidelity Bond Requirement](#_Fidelity_Bond_Requirement) | {In Compliance/Not In Compliance} | {Yes,No,N/A} |
| Item 12 | [Employee Education Requirements](#_Employee_Education_Requirements) | {In Compliance/Not In Compliance} | {Yes,No,N/A} |
| Item 13 | [Management Letter](#_Management_Letter_Review) | {In Compliance/Not In Compliance/N/A} | N/A |

The procedures and the associated findings are as follows:

# Financial Accounting System Requirements [PI 35.13 (1) & PI 48.13 (1)]

The school must have a double entry financial accounting system that is organized in such a manner that it will enable preparation of the financial audit and provide such other information to fiscally manage the school. The accounting system must identify all sources of funding used in the private school’s operation, specifically identifying the following if the school receives revenue from that source:

* + Revenue from pupils participating in the Choice program.
	+ Revenue from parents or other privately paid tuition.
	+ Revenue from the Public School District for instruction of pupils enrolled in the school.
	+ Revenue from the Public School District for transportation provided to pupils enrolled in the school.
	+ Revenue from federal, state, and local governments.

**Agreed-Upon Procedures Performed to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Accounting System:** Identified the system used for recording financial transactions. Determined if it includes software used for the School’s general ledger accounting system, and provides for accounting entries typical of those found in double entry accounting systems.
 | {Complies or insert explanation of non-compliance} |
| 1. **System Walkthrough:** Selected and completed a “system walkthrough” by tracing a cash receipt and cash disbursement through the School’s financial accounting system and determined if a double entry accounting process is occurring.

Additionally, if the School is on the accrual basis of accounting during the year, traced a receivable and payable transaction through the School’s financial accounting system. | {Complies or insert explanation of non-compliance} |
| 1. **Financial Audit Information Available:** Examined the available reports and other information provided by the School’s accounting system and determined if:
* The information to complete the financial audit is available, and
* Financial management data can be efficiently obtained.
 | {Complies or insert explanation of non-compliance} |
| 1. **Recording Revenues & Expenses Related to Net Eligible Education Expenses:** Determined that the School’s revenues and expenditures related to net eligible education expenses are accounted for separately from other activities of the School’s operating organization.
 | {Complies or insert explanation of non-compliance} |
| 1. **Revenue Accounts:** Obtained and examined a trial balance from the School’s accounting system and determined if it contains separate accounts for the following revenues if the School receives revenues from those sources.
* Revenue from pupils participating in the Choice program.
* Revenue from parents or other privately paid tuition.
* Revenue from the Public School District for instruction of pupils enrolled in the School.
* Revenue from the Public School District for transportation provided to pupils enrolled in the School.
	+ Revenue from federal, state, and local governments.
 | {Complies or insert explanation of non-compliance} |

# Budget Requirements [PI 35.13 (2) & PI 48.13 (2)]

By June 30th, a school that participated in the PSCP in the immediately preceding school year (continuing school) and schools that are in their first year of participating in the PSCP (new school) that completed the surety bond option must prepare a budget for the following school year containing all of the following:

* + - * + Total September and January full time equivalent (FTE) Enrollment
				+ Choice September and January FTE Enrollment
				+ Estimated total revenues and costs
				+ Estimated eligible education expenses for the Choice program
				+ Estimated offsetting revenues for the Choice program
				+ Schedule of anticipated beginning and ending net assets (*This schedule should include prior year and forecasted year Statement of Financial Position or a similar statement such as Schedule 7-1 of the Choice/SNSP Budget & Cash Flow Report at* <https://dpi.wi.gov/parental-education-options/choice-programs/school-reports>*.*)
				+ Anticipated beginning and ending Choice program reserve balance (*An example of how to calculate the reserve balance would be to use Schedule 10 of the Choice/SNSP Budget & Cash Flow Report at* <https://dpi.wi.gov/parental-education-options/choice-programs/school-reports>*.)*
				+ Identification of the contingent funding sources the school will use should actual enrollments be less than expected.

All schools participating in the PSCP must revise their budget by November 1st to reflect revenues resulting from the school’s actual third Friday in September enrollment along with related required budget changes if the actual third Friday in September enrollment of either the “all pupil” enrollment or the Choice pupil enrollment varies by the lesser of 20% or 20 pupils from the school’s budgeted enrollment.

**Agreed Upon Procedures Performed to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Completed by June 30 & Necessary Components:** Obtained the School’s budget and determined if it was completed by June 30th (even if it was missing any required components identified below).

Determined if the budget included all of the following (even if the budget was completed after June 30th):* + Total September and January FTE Enrollment
	+ Choice September and January FTE Enrollment
	+ Estimated total revenues and costs
	+ Estimated eligible education expenses for the Choice program
	+ Estimated offsetting revenues for the Choice program
	+ Schedule of anticipated beginning and ending net assets (Budgeted Statement of Financial Position as of June 30, 2023 and June 30, 2024 or a similar statement)
	+ Anticipated beginning and ending Choice program reserve balance

Also determined if it identified contingent funding sources the School will use should actual enrollments be less than expected.If the budget is not completed at the time the report procedures are completed, requested the school complete the budget. If the budget did not include the required components, ensured the School updated the budget to include the required components. If a budget with all of the necessary components was not completed by the report date, advised the School that it must provide a copy of the budget, with all necessary components, to the DPI no later than January 15, 2024. | *For schools new to the program in the 2023-24 school year that completed the budget option insert:* Since the School first participated in the program in the 2023-24 school year and completed the budget option, this procedure is not applicable.*For continuing schools in the program and first year schools that completed the surety bond option insert the following:* Determined the following:1. The School completed the budget by June 30, 2023: {Yes/No}
2. The budget included the required components: {Yes/No}

*If the budget with all required components was not completed by June 30, 2023, the school is not in compliance and the following must be inserted:*1. The budget was missing the following components: {insert the missing components or None}
2. The budget, with all required components, was completed on: {insert the date the budget was completed or insert Not completed}
 |
| 1. **Updated by November 1:** Compared the initial budget’s enrollment to the actual 3rd Friday in September enrollment based on the count report to determine if a revised budget was required. If so, determined if it had been properly revised no later than November 1st. If the School was a first time participant in the Choice program in the 2023-24 school year and used the budget option, the initial budget that should be used to determine if a revised budget is required is the final budget provided to the DPI by August 1st.

If the budget was required to be revised but was not revised by November 1st, request that the School update the budget. If the budget was not updated by the report date, advised the School that they must provide a copy of the updated budget to the DPI no later than January 15, 2024. | Determined the following:1. The School was required to update the budget: {Yes/No}
2. The budget was revised as required: {Yes/No/Not applicable}

*If the budget was not revised as required, the School is not in compliance and the following must be inserted:* 1. As of the report date, the budget has been updated: {Yes/No}
 |

# Expense Payment Requirements [PI 35.13 (3) & PI 48.13 (3)]

A school shall pay in full all of the following as required by the written agreement or, if there is no written agreement, within 90 days of the receipt of the invoice or payment request:

* Amounts owed to vendors.
* Reimbursements to employees and other persons for expenses incurred on behalf of the school. A school may only reimburse an employee or other person if the employee or other person submits receipts supporting the reimbursement to the school and the request for reimbursement is made within the time period specified in the school’s written policy for reimbursement. The school shall retain a record of all reimbursements, including supporting receipts.
* A written agreement is anything in writing where the school and the vendor are agreeing to the payment terms. An invoice date alone is not considered a written agreement.

**Agreed Upon Procedures Performed to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Vendor or Other Accounts Payable on Financial Audit:** Determined if the School had vendor or other accounts payable in the prior year financial audit. Identified the lines from the June 30, 2023 Statement of Financial Position that included a Vendor or Other Accounts Payable balance. If any of the lines on the financial statements were only partially Vendor and Other Accounts Payable balances, explained what was included in the amount that was not tested.

Determined if the amount was paid as of the review date. If paid, ensured the amount was included in the population in B. If not paid, tested the amount in C below. | *For schools new to the program in the 2023-24 school year insert:* Since the School first participated in the program in the 2023-24 school year, this procedure is not applicable.*For continuing schools in the program that had a vendor or other accounts payable balance as of the past June 30 insert the following:* Determined the following:1. Vendor or Other Accounts Payable on the June 30, 2023 financial audit that were included in this procedure are as follows: *insert or remove lines as needed*

|  |  |  |
| --- | --- | --- |
| **Statement of Financial Position Line Description** | **Amount from Line Reviewed** | **Amount from Line Not Reviewed** |
| {description} | ${amount} | ${amount} |
| {description} | ${amount} | ${amount} |

1. Explanation of amount not reviewed: {If no amounts are in the “Amount from Line Not Reviewed” column in 1, insert None. If there are any amounts in the “Amount from Line Not Reviewed” column, explain why the amount was excluded.}
2. Review date: {review date}
3. Amount unpaid as of the review date: ${amount}

Also determined that the paid amount was included in the population in 3B.*For continuing schools in the program that did not have a vendor and other accounts payable balance as of the past June 30 insert:*Determined that the School did not have an unpaid balance reported in the financial audit as of the past June 30 for vendor or other accounts payable. |
| 1. **Vendor Payments Paid Timely:** Obtained the check register from December 1, 2022 (for continuing schools) or July 1, 2023 (for new schools) to the review date. Determined if disbursements were completed, on average, once a week or more than once per week. If once a week or less (weekly), selected a minimum of 5 disbursements. If more than weekly, selected a minimum of 25 disbursements. Ensured that the disbursements selected for continuing schools included payable(s) outstanding on the June 30, 2023 financial audit.

For each disbursement selected, determined if there was a written agreement with the vendor. If there is a written agreement, determined if payment was made as required by the written agreement. If there was no written agreement, determined if the payment was made within 90 days of invoice receipt or payment request. For each disbursement that was not made as required, selected an additional 5 or 25 disbursements, as required above, in addition to the original sample. For example, if one error is found for a School that completes disbursements more than weekly, 50 disbursements must be tested. If this testing would result in more than 100 disbursements being tested, the auditor may provide the DPI with the following so that the DPI can make a determination of whether more testing is required:* Untimely Payment Schedule with all disbursements that were not in compliance identified.
* The responses for 1-5 in the Results column of this procedure.
* The workpaper documenting the testing in this procedure.
* The check register from which the samples were selected.

The auditor should send this email as soon as possible. The DPI will then notify the auditor if additional testing is required.Note: A written agreement is anything in writing where the School and the vendor are agreeing to the payment terms. An invoice date alone is not considered a written agreement. | Obtained the check register from December 1, 2022 (for continuing schools) or July 1, 2023 (for new schools) to the review date and determined the following:1. Review Date: {date}
2. Frequency of disbursements: {weekly/more than weekly}.
3. Number of examined disbursements: {number}
4. Amount of examined disbursements: ${amount}
5. Number not paid as required: {number}

*If 5 is greater than 0, the School is not in compliance. Items identified as not paid in 5 above must be inserted in the Untimely Payment Schedule included at the end of Section 3. Insert the following if there is any amount above 0 in 5:*1. Amount not paid as required: ${amount}
2. Total amount of vendor payments by the School from December 1, 2022 (for continuing schools) or July 1, 2023 (for new schools) to the review date: ${amount}
3. Total number of vendor payments: {number}
 |
| 1. **Unpaid Vendor Invoice File Testing:** Examined the School’s unpaid vendor invoice file, recorded and unrecorded, as of the review date. The date of the unpaid vendor invoice file was the same date as the ending date of the check register testing in 3B. For all unpaid invoices, determined if there was a written agreement with the vendor. If so, determined if the payment was made as required by the written agreement. If there was no written agreement, determined if payment was made within 90 days of invoice receipt or payment request. A written agreement is anything in writing where the School and the vendor are agreeing to the payment terms. An invoice date alone is not considered a written agreement.

If the School is on the accrual basis during the school year, also reconciled the unpaid vendor invoice report to the general ledger. | Determined the following:1. Review date: {review date-must match the review date in 3B}
2. Number of unpaid invoices as of the review date: {number}
3. Amount of unpaid invoices as of the review date: ${amount}.
4. Number not paid as required by the written agreement or within 90 days of invoice receipt or payment request: {number}
5. Amount not paid as required by the written agreement or within 90 days of invoice receipt or payment request: ${amount}

*If the School is on the accrual basis during the year insert:*1. Reconciled the unpaid vendor invoice file as of the review date to the general ledger.

*If any amounts were not paid on a timely basis the School is not in compliance. Items identified as not paid as required in 4 & 5 above must be inserted in the Untimely Payment Schedule included at the end of Section 3.* |
| 1. **Reimbursement Policy:** Determined if the School has a written policy specifying how reimbursements will be made to employees and other individuals where the school is reimbursing the individual for items purchased by the individual for use by the School.
 | {Complies or insert explanation of non-compliance} |
| 1. **Reimbursement Testing:** Examined a representative selection of payments to employees and others for expenses incurred on behalf of the School from December 1, 2022 (for continuing schools) or July 1, 2023 (for new schools) to the review date and determined if:
* Expense reimbursement payments to employees and other individuals were made as required by the School’s written policy for such reimbursements.
* Payments were made on the basis of receipts retained by the School.

The reimbursement testing only includes testing reimbursements made to individuals where the school is reimbursing the individual for items purchased by the individual for use by the School. All other payments to individuals/vendors must be tested through the procedures in B or C.If no expense reimbursements were made, confirmed that no payments had been requested. | *If reimbursements were made insert*:Determined the following: 1. Review date: {review date}
2. Total reimbursements made to employees and other individuals from December 1, 2022 (for continuing schools) or July 1, 2023 (for new schools) to the review date: ${amount}
3. Number of examined payments: {number}
4. Amount of examined payments: ${amount}
5. Number of reimbursements not paid as required by the written policy: {number}
6. Number of payments not supported by receipts: {number}

Ensured payments were tested through the procedures in 3B or 3C if they were not reimbursements to individuals where the school is reimbursing the individual for items purchased by the individual for use by the School.*If 5 or 6 are greater than 0, the School is not in compliance. If 5 is greater than 0 the following must be inserted:*1. Reimbursements not paid as required by the written policy were paid by the report date: {Yes/No/Not applicable}

*If no expense reimbursements were made insert:* Confirmed that no payments had been requested. |
| 1. **Rental Payments Testing:** Determined if the School rents a building from a different legal entity by determining if the lessor has a different Federal Employer Identification Number (FEIN) than the school.If the lessor and the School have the same FEIN, then the rental amount is not an eligible education expense for the School. Since this is an intercompany transaction, no testing is required in this report.

If the school rents a building from a different legal entity, determined if the School made rental payments in accordance with the contract for 2 months between November 1, 2022 (for continuing schools) or July 1, 2023 (for new schools) and the review date.If the rental payments were not made in accordance with the contract, determined if the payments required by the contract were made by the report date. If they were not made by the report date, advised the School that it must provide a copy of the rental agreement and evidence of paying the amount owed to the DPI no later than January 15, 2024. Evidence of satisfaction would be a cancelled check or bank statement if the statement clearly shows the vendor name and payment amount.  | *If the School does not rent a building insert:*The School does not rent any buildings.*If the School rents a building from a different legal entity insert the following:*Obtained the rental agreement and determined the following:1. Rental payments tested: {list the month and year of the rental payments tested}
2. All payments were made in accordance with the agreement: {Yes/No}

*If any payments were not made in accordance with the agreement, the School is not in compliance and the following must be inserted {insert a line for each payment not paid as required}:*1. The following payments were not made in accordance with the agreement:

|  |  |  |  |
| --- | --- | --- | --- |
| **Lessor Name** | **Month & Year of Payment** | **Amount of Payment** | **As of the Report Date, the School Paid the Rental Payment** |
| {name} | {month and year} | ${amount} | {Yes/No} |

 |

*Insert the schedule below if any amounts are identified as not paid as required in Procedure B or C. If the School has not paid the outstanding amount by the report date, advise the School that it must provide a copy of the invoice or payment request and evidence of paying the amount owed to the DPI no later than January 15, 2024. Evidence of satisfaction would be a cancelled check or bank statement if the statement clearly shows the vendor name and payment amount. If there are no untimely payments identified in Procedures B or C, delete the table below.*

**Untimely Payment Schedule**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **#** | **Included in Procedure A** | **Procedure** | **Vendor Name** | **Invoice Number** | **Date of Invoice or Payment Request** | **Written Agreement** | **Amount Not Paid Timely** | **Date Paid (determine if paid by report date)** | **Reason Not Paid Timely** |
| 1 | {Y/N} | {B,C} |  {name} | {number} | {date} | {Yes/No} | ${amount} | {date/Not paid} |  |
| 2 | {Y/N} | {B,C} |  {name} | {number} | {date} | {Yes/No} | ${amount} | {date/Not paid} |  |
| 3 | {Y/N} | {B,C} |  {name} | {number} | {date} | {Yes/No} | ${amount} | {date/Not paid} |  |
| 4 | {Y/N} | {B,C} |  {name} | {number} | {date} | {Yes/No} | ${amount} | {date/Not paid} |  |

# Employee Compensation Payment Requirements [PI 35.13 (4) & PI 48.13 (4)]

A school must do all of the following:

* Have a written agreement signed by a representative of the school and the employee for each employee stating the employee’s compensation before the school makes the first payment to the employee for the school year. The signature on file at the school does not need to be the original signature, it can be a copy. Generally, handwritten signatures are preferred but the school may choose to obtain electronic signatures rather than handwritten signatures. However, if electronic signatures are used, the school must have documentation showing the employee electronically signed the agreement. Additionally, if electronic signatures are used, the school should generally try to use e-signature software such as DocuSign. This software should have standard reports showing the document was electronically signed, such as the DocuSign Certificate of Completion, which the school should maintain as documentation that the agreement was electronically signed.
* Provide each employee with a document that states the dates that the school will pay the employee. The school shall provide a copy of this document to the employee before the school makes the first payment required by the document.
* Provide a written document to the employee specifying any changes to the documents above before any change is effective. For any changes to the written agreement, including payments that are in addition to the base pay such as a bonus or additional payment for creating curriculum, the school must provide written notification to the employee before the payment. The written notification does not need to be signed. The written notification can be provided electronically, but the auditor must be able to confirm that it was provided to the employee. The auditor must be able to confirm that the notification included all of the required components.
	+ 1. If the payment is for a one-time item such as a bonus, the written notification must specify: (1) when the amount will be paid and (2) how much the amount is or how the amount will be calculated.
		2. If the payment is for an ongoing change such as a merit increase or general reduction in pay, the written notification must specify: (1) the date the ongoing change is effective and (2) the increase or decrease for each paycheck or how the amount will be calculated.
* Make payments to employees based on the documents above.

Additionally, the school must pay every employee at least once every 31 days unless the employee has voluntarily requested payment over a twelve month period or is being paid under a valid collective bargaining contract that establishes a different payment frequency (Wis. Stat. § 109.03(1)).

The auditor must complete the financial viability risk assessment document available at <https://dpi.wi.gov/parental-education-options/choice-programs/financial-reports/fiscal-practices> to determine the financial viability risk for this portion of the report. The document is used to determine the required sample sizes in this section.

**Agreed Upon Procedures to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Financial Viability Risk Assessment:** Completed the financial viability risk assessment document provided by the DPI. Based on this assessment, determined the required sample size for the procedures in 4B (except for schools new to the program which must have 100% tested for Procedure 4B), 4D, 4F, 4G, and 4J as follows:
* Low financial viability risk schools=20% of all employees for 2023-24,
* Medium financial viability risk schools=30% of all employees for 2023-24 and 15% for 2022-23, and
* High financial viability risk schools=100% of all employees for 2023-24 and 25% for 2022-23.

 If using the percentages above resulted in less than 5 employees tested, completed the testing for 5 employees. The employees tested included at least two teachers, one teacher’s aide, one office assistant, and one support staff person (such as an IT person, janitor, etc.) if the School employees included these personnel. These individuals should be selected from the School’s October 2023 payroll. | Determined the following:1. School’s financial viability risk: {low/medium/high}
2. Total number of 2023-24 employees: {number}
3. Required percentage used for testing in B: {insert 20%, 30% or 100%}
4. Sample size used for testing in 4B: {Sample size number}
5. Required percentage used for testing in 4D, 4F, and 4G: {insert 20%, 30% or 100%}
6. Sample size used for testing in 4D, 4F, and 4G: {Sample size number}
 |
| 1. **Compensation Agreements:** Obtained written documents used for identifying current school year compensation to employees for the employees selected in 4A and determined if the agreements were signed by a School representative and the employee prior to the first payment date and included the compensation amounts. If electronic signatures were used, determined that the school had documentation showing the employee electronically signed the agreement.

If 100% of the employees were not tested and the School does not have the required compensation agreements in place for any employees included in the original sample, selected an additional sample based on the required sample size in 4A. For example, if a school had a low financial viability risk so 20% were tested and 2 employees were identified as not having the required compensation agreements, 60% of the School would need to be tested. This is calculated as the original 20% sample plus an additional 20% for each of the employees that do not have a compensation agreement.For any employees that the School did not have signed compensation agreements, determine if the School now has signed compensation agreements for those employees. If not, advise the School that it must provide the signed agreements to the DPI no later than January 15, 2024. | Determined the following:1a. Number of employees selected in 4A that did not have a compensation agreement signed by a representative of the School and the employee in advance of the employee working at the School for the school year: {number, insert 0 if there are none}*If 1a is greater than 0 and all of the compensation agreements were not tested in 1a, the sample must be increased based on the original sample size required in 4A:*1b. Number of additional employees that were tested to determine if the required compensation agreement was in place: {number}1c. Number of employees selected in 1b that did not have a compensation agreement signed by a representative of the School and the employee in advance of the employee working at the School for the school year: {number, insert 0 if there are none}*If 1a is greater than zero, the School is not in compliance and the following must be inserted:*1. As of the report date, the School has signed compensation agreements for each employee that did not have signed agreements in 1a and 1c: {Yes/No}

*If 2 is no, insert the following:*1. The following employees did not have signed agreements by the report date: {insert names}
2. The employees who did not have signed compensation agreements had an alternative document that specified their compensation: {Yes/No}

*If 4 is yes, insert the following:* 1. The employees who did not have a signed compensation agreement had the following document(s) specifying their compensation: {insert a description of what document stated the employee(s) compensation}
 |
| 1. **Payroll Dates:** Determined that the payroll dates result in employees being paid at least once every 31 days, an employee voluntarily requested 12-month payment period, or per a payment frequency established by a valid collective bargaining agreement.

If the payroll dates did not comply with the requirements, determined if they have been changed to comply with the requirements. | Determined the following:1. The payroll dates resulted in employees being paid at least once every 31 days, or an employee voluntarily requested 12-month payment period, or per a payment frequency established by a valid collective bargaining agreement: {Yes/No}

*If 1 is no, the School is not in compliance and the following must be inserted:*1. The School has revised the payroll dates so that employees are being paid at least once every 31 days, or an employee voluntarily requested 12-month payment period, or per a payment frequency established by a valid collective bargaining agreement: {Yes/No}
 |
| 1. **Payroll Dates Provided to Employees:** Determined that the School provided the employees selected in A with the dates that payroll would be paid prior to making payments for the 2023-24 school year.

If 100% of the employees were not tested and the School did not provide the payroll dates for any employees included in the original sample, selected an additional sample based on the required sample size in 4A. If the School did not provide each of the selected employees with the dates that payroll would be paid in advance of making payments for the school year, determine if the payroll dates were provided by the report date. | Determined the following:1a. Number of employees selected in 4A that were not provided with the dates that payroll would be paid prior to the first payment for the school year: {number, insert 0 if there are none}If 1a is greater than 0 and all of the employees were not tested in 1a, the sample must be increased based on the original sample size required in A:1b. Number of additional employees that were tested to determine if the payroll dates were provided prior to the first payment for the school year: {number}1c. Number of additional employees tested in 1b that were not provided with the dates that payroll would be paid prior to the first payment for the school year: {Number, insert 0 if there are none} If 1a is greater than 0, the School is not in compliance and the following must be inserted:1. The School has provided the employees in 1a and 1c with the dates that payroll would be paid by the report date: {Yes/No}
 |
| 1. **Payroll Reconciliation:** Obtained the payroll records from July 1, 2023 through October 31, 2023. Determined if the total of the July 1, 2023 through October 31, 2023 payroll records equaled the payroll expenses for July 1, 2023 through October 31, 2023 in the general ledger plus or minus any accruals. If the difference is more than the following, this must be reported as not in compliance:

|  |  |
| --- | --- |
| **School’s Gross Payroll from 7/1/23-10/31/23** | **Non Compliance Threshold** |
| $0-$200,000 | $500 |
| $200,001-$400,000 | $1,000 |
| $400,001-$800,000 | $2,000 |
| $800,001-$1,200,000 | $3,000 |
| $1,200,001-$1,600,000 | $4,000 |
| $1,600,0001 or more | $5,000 |

 | {Complies or insert explanation of non-compliance} |
| 1. **Payroll Listing vs Independently Obtained Source Comparison:** Determined if the October 2023 payroll listing included all employees by selecting the required sample size in 4A from an independently obtained source and ensuring the employees were included in the October 2023 payroll listing.

Determined if the October 2023 payroll listing only included employees by selecting the employees in 4A and ensuring they were included in the independently obtained source.If any employees could not be traced from the October 2023 payroll listing to the independently obtained source or visa versa, selected an additional sample to determine that the employees were included based on the required sample size in 4A.Possible sources for the independently obtained source include a school directory, webpage, teacher name plaques on classroom doors, administrative name plaque in office, classroom records with the teacher’s name, or taking an inventory of School personnel. If the school has employees teaching and/or working remotely, the independently obtained source must include these employees. For example, if the school has a website for each virtual class that identifies the teacher, it could be used to identify the virtual teachers. | Determined the following:1. Names of employees that could not be traced from the October 2023 payroll list to an independent source or sources: {None or names}
2. Names of employees that could not be traced from the independent source or sources to the October 2023 payroll listing: {None or names}

If employees are identified in 1 or 2, the School is not in compliance and the following must be inserted:1. Total number of employees traced from the October 2023 payroll list to an independent source or sources: {number}
2. Total number of employees traced from the independent source or sources to the October 2023 payroll listing: {number}
 |
| 1. **2023-24 Employees Payment Amount Testing:** Selected a payroll from September 2023 and October 2023 and determined the following for the employees selected in 4A. For each employee selected in 4A that did not meet the requirements, selected an additional sample using the sample size in 4A:
* The total compensation paid for the selected pay period agrees with the required payment amount per the compensation agreements in 4B unless a change was made to the document. This testing should be completed based on the compensation agreements, even if the School did not have a signed compensation agreement by the required date. If there was no compensation agreement but there was an alternative document as noted in procedure 4B, the alternative document should be used for this testing. If there were any changes to the compensation amount, ensured that the employee was provided with a notification of the change prior to the change being made.
* Payment dates were as specified in 4C. If a change was made, ensured the employees were notified of the change in advance and the revised payment dates complied with the payment frequency requirements in 4C.
* The total compensation paid to date per the October 2023 payroll report equals the total compensation owed to the employee per the compensation agreement or an alternative document as noted in procedure 4B.
* If the School paid the incorrect amount of compensation for any employees, determine if the School paid the correct amount to the employees by the report date. If not, advise the School that it must do so and provide the compensation agreement and evidence that the payment has been made to the DPI no later than January 15, 2024. Evidence of satisfaction would be a cancelled check or bank statement if the statement clearly shows the employee’s name and payment amount.

When completing the above procedures, differences of $10 or less do not need to be reported as not in compliance. | Determined the following:1. Number of employees where the total compensation paid for the payroll selected in September 2023 does not agree with the required payment amount: {Number/None}
2. Number of employees where the total compensation paid for the payroll selected in October 2023 does not agree with the required payment amount: {Number/ None}
3. Payments dates were as specified in 4C: {Yes/No}
4. Number of employees where the total compensation paid to date for the school year does not equal the total compensation owed per the agreement: {Number/None}

*If 1, 2, 3, or 4 indicate that the School is not in compliance, the following must be inserted:*1. Total number of employees tested: {Number}
2. Since the date the testing was performed, the School has paid the employees any outstanding amount that was owed: {Yes/No}

*If 6 is no, insert the following:* 1. The following employees have not been paid the outstanding amount they are owed as of the report date:

|  |  |  |
| --- | --- | --- |
| **Name** | **Amount Owed** | **Month Owed** |
| {name} | ${amount} | {Month} |

 |
| 1. **Pay Changes Provided to Employees in Advance:** Compared the September 2022 payroll to the May 2023 payroll to determine if the pay rate changed for any employees. If there were any pay rate changes, determined that one of the following was provided in advance of the change being made or one-time payment being made:
* A written notification of the change. The written notification can be provided electronically.
* A document signed by the employee agreeing to or acknowledging the pay change.

Also determined that the document included the following components:* If the payment is for a one-time item such as a bonus, determined that the written notification specified: (1) when the amount would be paid and (2) how much the amount was or how the amount would be calculated.
* If the payment is for an ongoing change such as a merit increase or general reduction in pay, the written notification specified: (1) the date the ongoing change was effective and (2) the increase or decrease for each paycheck or how the amount would be calculated.

If more than 5 employees had pay rate changes, the sample size in 4A may be used for the testing. | *For schools new to the program in the 2023-24 school year insert:*Since the School first participated in the program in the 2023-24 school year, this procedure is not applicable.*For continuing schools in the program insert:* Determined the following:1. Number of employees with pay rate changes: {number}
2. Number of employees with pay rate changes reviewed: {number}
3. Number of employees that were not provided with the required document or notification in advance of the change being made: {number}

*If 3 is greater than 0, insert the following:*1. Number of employees that were not provided with the required document or notification of the change by the report date: {number}
 |
| 1. **Payroll or Related Benefits on Financial Audit Paid:** Determined if the School had a payroll or related benefits balance in the prior year financial audit. Identified the lines from the June 30, 2023 Statement of Financial Position that included payroll or related benefits balances. If any of the lines on the financial statements were only partially payroll or related benefits balances, explained what was included in the amount that was not tested.

If the School had a payroll or related benefits balance in the prior financial audit, determined if the amount was paid as of the review date. Also determined if the amounts were paid:* As required by the written compensation agreement; and
* Within 31 days, or an employee voluntarily requested 12-month payment period, or per a payment frequency established by a valid collective bargaining agreement.
 | *For schools new to the program in the 2023-24 school year insert:*Since the School first participated in the program in the 2023-24 school year, this procedure is not applicable.*For continuing schools in the program that did not have a payroll or related benefits balance as of the past June 30 insert*:Determined that the School did not have an unpaid balance reported on the June 30, 2023 financial audit for payroll or related benefits.*For continuing schools in the program that had a payroll or related benefits balance as of the past June 30 insert*:Determined the following:1. Payroll or related benefits on the June 30, 2023 financial audit that were included in the testing:

|  |  |  |
| --- | --- | --- |
| **Statement of Financial Position Line Description** | **Amount from Line Tested** | **Amount from Line Not Tested** |
| {description} | ${amount} | ${amount} |
| {description} | ${amount} | ${amount} |

1. Explanation of amount not tested: {If no amounts are in the “Amount from Line Not Tested” column in 1, insert None. If there are any amounts in the “Amount from Line Not Tested” column, explain why the amount was excluded.}
2. Review date: {review date}
3. Amount unpaid as of the review date: ${amount}
4. Compensation not paid as required per the written agreement: ${amount, if there is an amount, the School is not in compliance}
5. Benefits not paid as required per the written agreement: ${amount, if there is an amount, the School is not in compliance}
6. Amount not paid within 31 days, or an employee voluntarily requested 12 -month payment period, or per a payment frequency established by a valid collective bargaining agreement: ${amount, if there is an amount, the School is not in compliance}

*If 5, 6 or 7 include an amount, the School is not in compliance and the following must be inserted:*1. Since the date the testing was performed, the School has paid the employees any outstanding amount and paid for any benefits that were owed: {Yes/No}

*If 8 is no, insert the following:* 1. The following employees have not been paid the outstanding amount they are owed as of the report date:

|  |  |  |
| --- | --- | --- |
| **Name** | **Amount Owed** | **Month Owed** |
| {name} | ${amount} | {month} |

 |
| 1. **2022-23 Employees Payment Amount Testing:** For continuing schools that had a medium or high financial viability risk, selected two payrolls between November 2022 and June 2023. For each payroll, determined the following for 15% of the employees for medium financial viability risk schools or 25% of the employees for high financial viability risk schools. At least 5 employees must be tested for high and medium financial viability risk schools.
* The total compensation paid for the pay period agrees with required payment amount per the compensation agreement for the employee unless a change was made to the document. This testing should be completed based on the compensation agreements, even if the School did not have signed compensation agreements by the required date. If there was no compensation agreement but there was an alternative document, the alternative document should be used for this testing. If there were any changes to the compensation amount, ensured that the employee was provided with a notification of the change prior to the change being made.
* Payment dates were as specified in the payroll dates provided to the employees. If a change was made, ensured the employees were notified of the change in advance and the revised dates complied with the payment frequency requirements in 4C.
* If the School paid the incorrect amount of compensation for any employees, determined if the School paid the correct amount to the employees by the report date. If not, advise the School that it must do so and provide the compensation agreement and evidence that the payment has been made to the DPI no later than January 15, 2024. Evidence of satisfaction would be a cancelled check or bank statement if the statement clearly shows the employee’s name and payment amount.

When completing the above procedures, differences of $10 or less do not need to be reported as not in compliance. | *For schools new to the program in the 2023-24 school year insert:*Since the School first participated in the program in the 2023-24 school year, this procedure is not applicable.*For schools with a low financial viability risk insert:*This procedure is not applicable since the financial viability risk for the School is low.Determined the following:1. Number of 2022-23 employees: {number}
2. Total number of employees tested: {number}
3. Number of employees where the total compensation paid for either of the payrolls selected does not agree with the required payment amount: {number}
4. Payment dates were made based on the payroll dates provided to the employees: {Yes/No}

*If 3 includes a number or 4 indicates No, the School is not in compliance and the following must be inserted:*1. As of the date of this report, the School has paid the employees any outstanding amount that was owed to the employees: {Yes/No}

*If 5 is no, insert the following:* 1. The following employees have not been paid the outstanding amount they are owed as of the report date:

|  |  |  |
| --- | --- | --- |
| **Name** | **Amount Owed** | **Month Owed** |
| {name} | ${amount} | {month} |

 |
| 1. **DWD Wage Claims:** Obtained Department of Workforce Development (DWD) wage claims filed from the review date for the 2022-23 Fiscal and Internal Control Practices Report (or July 1, 2023 for new schools) to the review date. Determined if the School had any wage claims during that time period and the status of the wage claims.
 | Determined the following:1. Number of DWD wage claims from the prior year review date (continuing schools) or July 1, 2023 (new schools) to the review date: {number}
2. Number of DWD wage claims withdrawn or where the DWD determined the School did not owe anything: {number}

*If the School had any open wage claims or wage claims where it was determined the School owed the employee, the School is not in compliance and the following must be inserted:*1. Review date: {review date}
2. Number of wage claims where it was determined the School owed the employee and the School has already paid the amount owed: {number}
3. Amount of wage claims where it was determined the School owed the employee and the School has already paid the amount owed: ${amount}
4. Number of open DWD wage claims or claims where it was determined the School owed the employee and the School has not already paid the amount owed: {number}
5. Amount of open DWD wage claims or claims where it was determined the School owed the employee and the School has not already paid the amount owed: ${amount}
6. The School has entered into a payment plan: {Yes/No}

*If the School has entered into a payment plan, add the following:*1. Total amount to be repaid to employees for unpaid wage claims per the payment agreements the School has entered into: ${total amount to be repaid including interest and penalties}
2. The School was current with the unpaid wage claims payment plan as of the review date: {Yes/No}
 |
| 1. **2024-25 Minimum Required Financial Viability Risk:** Determine the minimum required financial viability risk based on the 2023-24 Fiscal & Internal Control Practices items identified in this report.

High risk must be identified if this report includes any of the following:* Item 4K identified the school had any DWD wage claims unless the DWD determined the School did not owe the amount or the employee withdrew the claim.
* Item 4G, 4I, or 4J identified a non-compliance item and the amount remained unpaid/the item was not resolved by the report date or December 15, 2023, whichever is earlier.
* Item 3B, 3C, 3F, 7I, 8C, 9C, or 11B indicate the school failed to make payments to vendors within 90 days or per written agreement (unless due to litigation or an amount being in dispute), and the amount remained unpaid as of the report date or December 15, 2023, whichever is earlier.
* The School was required to test 100 or more payments in Item 3B.
* Non-sufficient funds (NSF) identified in Item 5F for a reason other than amounts were not properly transferred between different accounts of the School.
* Any past dues to government agencies in Section 6 that cumulatively exceed $50,000 (even if a repayment plan exists).

Medium risk must be identified if this report includes any of the following:* Item 4G, 4I, or 4J identified a non-compliance item but the amount was paid/the item was resolved as of the report date or December 15, 2023, whichever is earlier.
* Item 4E was not in compliance.
* Item 3B, 3C, 3F, 7I, 8C, 9C, or 11B indicate the school failed to make payments to vendors within 90 days or per written agreement (unless due to litigation), but the amount was paid/the item was resolved by the report date or December 15, 2023, whichever is earlier.
* Any past dues to government agencies in Section 6 (even if a repayment plan exists).
 | Determined the following:* + - 1. The minimum financial viability risk for 2024-25 based on factors in the 2023-24 Fiscal & Internal Control Practices Report: {High/Medium/Low}
 |

# Financial Internal Control System Requirements [PI 35.13 (5), PI 48.13 (5), Wis. Stat. §§ 119.23 (7) (am) & 118.60 (7) (am)]

 The school must have an adequate system of financial internal controls that includes all the following:

* + - * Deposit all receipts and pay all disbursements from a depository account maintained solely for the school’s purposes unless the operating organization’s financial accounting system separately identifies the school’s transactions and account balances.
			* The depository account the school or its operating organization uses for school purposes shall be located in the state of Wisconsin.
			* Maintain documentation as to the nature and source of all cash receipts.
			* Use pre−numbered checks for all non−electronic school disbursements except those from a petty cash fund.
			* Maintain invoices and payment requests supporting disbursements.
			* Ensure that no checks or other withdrawals are denied due to insufficient funds.
			* Authorize electronic fund transfers by the school in accordance with a policy established by the school.
			* Reconcile the school’s bank accounts on a monthly basis.
			* Establish a policy indicating what expenses will be included in eligible education expenses and the methods that will be used to allocate any expenses or government assistance revenues that are related to eligible education expenses and other activities.
			* Establish a plan for spending the reserve balance if it is above 50% of the Choice revenue received in the prior school year.

**Agreed Upon Procedures to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Depository Account Requirements:** Examined the School’s accounting records and bank statements provided by School management to identify depository accounts used for School purposes.

For all identified depository accounts used by the School or used by the School’s operating organization for School related transactions determined if:* The accounts are located in the state of Wisconsin.
* The accounts were only used for School purposes unless they were in the name of the School’s operating organization.
* If the accounts were in the name of the School’s operating organization and used for School purposes, the operating organization’s financial accounting system separately identifies the School’s transactions and account balances.
 | {Complies or insert explanation of non-compliance} |
| 1. **Nature and Source of Receipt Identified:** Examined supporting documentation for a representative selection of non-Choice receipts to determine if the nature and source of the receipt is identified.

If the percentage of non-Choice cash receipts is 15% or less of total receipts, a minimum of 5 non-Choice cash receipts were examined. If the percentage is greater than 15%, determined if non-Choice cash receipts were received, on average, once a week or more than once per week. If once a week or less (weekly), selected a minimum of 5 non-Choice cash receipts. If more than weekly, selected a minimum of 25 non-Choice cash receipts.Reconciled the report where the selections were made to the general ledger.If any cash receipts did not meet the requirements, selected an additional 5 or 25 non-Choice cash receipts, as required above, for each non-Choice cash receipt identified that did not comply with the requirements.  | Reconciled the report to the general ledger and determined the following:1. Percent of non-Choice cash receipts to total receipts: {percentage}%
2. If the percent of non-Choice cash receipts to total receipts is more than 15%, frequency of non-Choice cash receipts: {Not applicable/weekly/more than weekly}
3. Number of non-Choice cash receipts examined: {number}
4. Report where selections were made from: {name/description of report}
5. Number of the receipts where the nature and source of the receipt was not identified: {number}
6. Amount of the receipts where the nature and source of the receipt was not identified: ${amount}
 |
| 1. **Electronic Fund Transfer Policy:** Determined that the School had an electronic fund transfer policy that specifies who may authorize electronic funds transfers and the process for doing so. If the School does not use electronic fund transfers, this must be specified in a policy.
 | {Complies or insert explanation of non-compliance} |
| 1. **Cash Disbursement Testing:** Determined if cash disbursements were made, on average, once a week or more than once per week. If once a week or less (weekly), selected a minimum of 5 disbursements. If more than weekly, selected a minimum of 25 disbursements. At least 20% of the selections must be checks and at least 20% must be electronic fund transfers, if electronic fund transfers are used. The selections were made from the check register from December 1, 2022 (for continuing schools) or July 1, 2023 (for new schools) through the review date.

For each selected disbursement determined the following:* If a check was used, determined if the disbursement was made using a pre-numbered check.
* If an electronic funds transfer was used, determined that the transfer was made as required by the transfer policy.
* Determined if the disbursement was supported by invoices or payment requests, including replenishment of petty cash funds.

For each disbursement that did not meet the requirements, selected an additional 5 or 25 disbursements, as required above, in addition to the original sample. If this testing would result in more than 100 disbursements being tested, the auditor may provide the DPI with the list of errors and the reason for the errors so that the DPI can make a determination of whether more testing is required. The auditor should send this email as soon as possible. The DPI will then notify the auditor if additional testing is required. | Determined the following:1. Review date: {review date}
2. Frequency of non-petty cash disbursements: {weekly/more than weekly}
3. Number of examined disbursements: {number}
4. Number of examined check disbursements: {number}
5. Pre-numbered checks were used for disbursements made by check: {insert Yes/No}
6. Number of examined electronic fund transfers: {number or if there are no electronic fund transfers indicate “No electronic fund transfers”}
7. Electronic fund transfers were made as required by the policy: {Yes/No/No electronic fund transfers}
8. Disbursements were supported by invoices or payment requests: {Yes/No}
 |
| 1. **Bank Reconciliations Testing:** Selected two months and ensured the bank reconciliation was completed for each bank account of the School by the date the testing occurred.
 | Determined the following:1. Months tested: {mm/yyyy} and {mm/yyyy}2. Reconciliations were completed for each bank account of the school for the selected months by the date the testing occurred: {Yes/No}*If not completed on a timely basis, insert the following:*3. Describe how the reconciliation is incomplete: {insert explanation}4. Missing/Incomplete Reconciliations Were Completed by Report Date: {Yes/No} |
| 1. **Insufficient Funds:** Reviewed the School’s bank statements from December 1, 2022 (for continuing schools) or July 1, 2023 (for new schools) to the review date and determined if the School had non-sufficient funds (NSF) for any payments.

If the School had any NSF payments, determine if the School satisfied the payments as of the review date. If the School has not satisfied the NSF payments, advise the School that they must do so and provide evidence to the DPI no later than January 15, 2024 that they have been satisfied. Evidence of satisfaction would be a cancelled check or bank statement if the statement clearly shows the vendor name and payment amount.  | Determined the following:1. Review date: {date}
2. Number of NSF payments issued by the School from the first date of testing to the review date: {None or number}

*If there were any NSF payments, the School is not in compliance and the following must be inserted:*1. The School had the following NSF payments:

|  |  |  |  |
| --- | --- | --- | --- |
| **Vendor Name** | **NSF Amount** | **Reason for the NSF** | **Amount Not Paid As of Report Date** |
| {name} | ${amount} | {The school did not have a sufficient amount of funds to pay the amount./ The school did not transfer funds between its accounts but had the funds to pay the amount owed. / Insert other reason as applicable.}  | ${amount} |

 |
| 1. **Eligible Education Expense Policy:** Determined that the School had a policy indicating what will be an eligible education expense and what allocation methods will be used, if allocations are required.
 | {Complies or insert explanation of non-compliance} |
| 1. **Board Approved Plan for Reserve Balance:** Determined if the School was required to have a plan for the reserve balance based on the last financial audit. If the School was required to have a board approved plan, verified a plan for spending the reserve was approved by the board by the report date.
 | *For schools new to the program in 2023-24 insert*:Since the School first participated in the program in the 2023-24 school year, this procedure is not applicable.*For schools continuing in the program insert:*Determined the following:1. The School was required to have a plan for how the reserve balance will be spent: {Yes/No}

*If the School was required to have a plan, also include:*1. The School’s board approved a plan for how the reserve balance will be spent by the report date: {Yes/No}
 |

# Government Agency Filing Requirements [PI 35.13 (6) & PI 48.13 (6)]

The school or its operating organization must be current with all of the following:

* Filing, payments, and withholding payment requirements of the federal Internal Revenue Service (IRS).
* Filing, payments, and withholding payment requirements of the Wisconsin Department of Revenue (DOR).
* Filing and payment requirements of the Wisconsin Department of Workforce Development (DWD).
* Filing and payment requirements of the Wisconsin Department of Financial Institutions (DFI).
* Filing requirements of the Wisconsin Department of Safety and Professional Services (DSPS).
* Auditing requirements of federal, state, and local government agencies. The school must provide the DPI with a copy of audit reports issued or revisions within 30 days of submission to the requiring governmental agency.

**Agreed Upon Procedures Performed to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Amount Owed to the IRS, DOR and/or DWD on Financial Audit:** Determined if the School had any amount owed to the IRS, DOR and/or DWD in the prior year financial audit. Identified the lines from the June 30, 2023 Statement of Financial Position that included an amount owed to the IRS, DOR and/or DWD. If any of the lines on the financial statements were only partially IRS, DOR and/or DWD payable balances, explained what was included in the amount that was not tested.

This testing must include IRS, DOR, and DWD withholding payments, unemployment insurance, annual tax payments, and any other amounts owed to the IRS, DOR, or DWD except wage claims. If there was an amount owed to the IRS, DOR, and/or DWD in the prior year financial audit, determined if the amount was paid as of the review date and by the due date of the government agency. | *For schools new to the program in 2023-24 insert:*Since the School first participated in the program in the 2023-24 school year, this procedure is not applicable.*For continuing schools in the program that had an amount owed to the IRS, DOR and/or DWD as of the past June 30 insert:* Determined the following:1. IRS, DOR and DWD payable balances on the June 30, 2023 financial audit:

|  |  |  |
| --- | --- | --- |
| **Statement of Financial Position Line Description** | **Amount from Line Tested** | **Amount from Line Not Tested** |
| {description} | ${amount} | ${amount} |
| {description} | ${amount} | ${amount} |

1. Explanation of amount not tested: {If no amounts are in the “Amount from Line Not Tested” column in 1, insert None. If there are any amounts in the “Amount from Line Not Tested” column, explain why the amount was excluded.}
2. Review date: {review date}
3. Amount unpaid as of the review date: ${amount}
4. Amount unpaid as of the review date that was due before the review date: ${amount, if there is an amount, the School is not in compliance}
5. Amount paid as of the review date that was not paid by the due date of the government agency: ${amount, if there is an amount, the School is not in compliance}

*For continuing schools in the program that did not have any amount owed to the IRS, DOR or DWD as of the past June 30 insert:* Determined that the School did not have any amount owed to the IRS, DOR or DWD as of the past June 30. |
| 1. **IRS Payments & Filings:** Determined if the School was current with the filing requirements of the IRS, including filing the 990 as required.

Also determined if the School was current with the IRS payments, including withholding payments, unemployment insurance, annual tax payments, and any other amounts owed, as applicable. This testing ensured that the payments had been paid through procedures such as reviewing the cancelled check or reviewing the bank statements to ensure payment had been made. If the School was not current, determined the amounts that were past due and the status of any outstanding payment agreements. | Determined the following:1. The School is current with the filing requirements of the IRS: {Yes/No}
2. The School was current with the IRS payments as of the review date: {Yes/No}

*If the School is not current with the payments, even if the School has a payment plan, the School is not in compliance. Attach a document from the IRS indicating the years the amount relates to and the outstanding amounts and insert the following:* 1. Review date: {review date}
2. Past due principal the School owes the IRS: ${amount of principal past due}
3. Interest and penalties the School owes the IRS: ${amount of interest and penalties}
4. IRS levies outstanding against the School as of the review date: ${amount including interest and penalties, if none insert 0}
5. The School has entered into a payment plan: {Yes/No}

*If the School has entered into a payment plan, add the following:*1. Total amount to be repaid to the IRS including interest and penalties per payment agreements the School has entered into: ${total amount to be repaid including interest and penalties}
2. The School was current with the IRS payment plan as of the review date: {Yes/No}
 |
| 1. **DOR Payments & Filings:** Determined if the School was current with the filing requirements of the DOR.

Also determined if the School was current with DOR payments including withholding payments, annual tax payments, and any other amounts owed, as applicable. This testing ensured that the payments had been paid through procedures such as reviewing the cancelled check or reviewing the bank statements to ensure payment had been made. If the School was not current, determined the amounts that were past due and the status of any outstanding payment agreements. | Determined the following:1. The School is current with the filing requirements of the DOR: {Yes/No}
2. The School was current with the DOR payments as of the review date: {Yes/No}

*If the School is not current with the payments, even if the School has a payment plan, the School is not in compliance. Attach a document from the DOR indicating the years the amount relates to and the outstanding amounts and insert the following:*1. Review date: {review date}
2. Past due principal the School owes the DOR: ${amount of principal past due}
3. Interest and penalties the School owes the DOR: ${amount of interest and penalties}
4. DOR levies outstanding against the School as of the review date: ${amount including interest and penalties, if none insert 0}
5. The School has entered into a payment plan: {Yes/No}

*If the School has entered into a payment plan, add the following:*1. Total amount to be repaid to the DOR including interest and penalties per payment agreements the School has entered into: ${total amount to be repaid including interest and penalties}
2. The School was current with the DOR payment plan as of the review date: {Yes/No}
 |
| 1. **DWD Payments & Filings:** Determined if the School was required to pay unemployment insurance payments to the DWD. If so, determined if the School was current with the filing requirements of the DWD and determined if the School was current with the DWD payments except wage claims. This testing ensured that the payments had been paid through procedures such as reviewing the cancelled check or reviewing the bank statements to ensure payment had been made. If the School was not current, determined the amounts that were past due and the status of any outstanding payment agreements.
 | Determined the following:1. The School is required to pay unemployment insurance payments to the DWD: {Yes/No}

*If the School is required to pay unemployment insurance payments to the DWD, insert the following:*1. The School is current with the filing requirements of the DWD: {Yes/No}
2. The School was current with the unemployment insurance payments to the DWD as of the review date: {Yes/No}

*If the School was not current with the DWD, even if the School has a payment plan, the School is not in compliance. Attach a document from the DWD indicating the years the amount relates to and the outstanding amounts and insert the following:* 1. Review date: {review date}
2. Past due principal the School owes the DWD: ${amount of principal past due}
3. Interest and penalties the School owes the DWD: ${amount of interest and penalties}
4. DWD levies outstanding against the School as of the review date: ${amount including interest and penalties, if none insert 0}
5. The School has entered into a payment plan: {Yes/No}

*If the School has entered into a payment plan, add the following:*1. Total amount to be repaid to the DWD including interest and penalties per payment agreements the School has entered into: ${total amount to be repaid including interest and penalties}
2. The School was current with the DWD payment plan as of the review date: {Yes/No}
 |
| 1. **DFI Filing Requirements:** Determined if the School is required to meet the filing requirements of the DFI.

If the School/operating organization was required to meet the filing requirements, determined if the School was current with the filing requirements of the DFI by examining the DFI website at <https://www.wdfi.org/apps/CorpSearch/Search.aspx> to determine if the School has a status of being in good standing. If the School/operating organization was not required to be listed determined the reason they were exempt and confirmed the School was properly exempt. Information on the reasons a school may be exempt is available on the Department of Financial Institutions Charitable Organizations Frequently Asked Questions. | Determined the following:1. The School is required to meet the filing requirements of the DFI: {Yes/No}

*If the School/operating organization was required to meet the filing requirements insert:*1. The School is current with the filing requirements of the DFI: {Yes/No}

*If the School/operating organization was not required to be listed insert:*1. The operating organization was exempt from the DFI requirements due to {insert the reason exempt}.
 |
| 1. **Meets Other Government Agency Requirements:** Examined the School’s general ledger and associated financial reports and determined if the School received funding in the past school year from federal, state and local government agencies other than the DPI. If the School had a Paycheck Protection Program loan forgiven in whole or in part, this should be identified as government funding in 1. If the School has not had a Paycheck Protection Program loan forgiven, even if the School has submitted the loan forgiveness form to its lender, the amount should not be identified as government assistance for purposes of this procedure. Emergency Assistance for Non-Public Schools (EANS), Elementary and Secondary School Emergency Relief I (ESSER I), and Governor's Emergency Education Relief (GEER) Grant Program funds do not need to be reported here. Payroll related tax credits such as Employee Retention Credit (ERC), Families First Coronavirus Response Act (FFCRA), and COBRA premium assistance credit should be reported here.

If the School received funding from a government agency other than DPI determined if:* The government agency had any auditing requirements that the School was required to meet by the report date. If not, inserted Not applicable for 2.
* If there were auditing requirements, the School met the auditing requirements for such funding.
* If there were auditing requirements, the School had documentation showing that it has provided the DPI with a copy of audit reports within 30 days of submission to the requiring governmental agency.
 | Determined the following:1. The School received funding in the past school year from federal, state and local government agencies other than the DPI: {Yes/No}

*If such funding was received insert:*1. The School met the auditing requirements for any other government agency funding: {Yes/No/Not applicable}
2. The School provided a copy of the audit reports within 30 days of submission to the requiring government agency: {Yes/No/Not applicable}
 |

# Liability Insurance Requirements [PI 35.13 (7) & PI 48.13 (7)]

A school shall have worker’s compensation insurance, commercial general liability insurance, umbrella excess liability insurance, auto liability insurance, errors and omissions liability insurance, and sexual misconduct insurance as described in the Insurance and Fidelity Bond Bulletin on the [Choice Bulletins webpage](https://dpi.wi.gov/parental-education-options/choice-programs/bulletins).

**Agreed Upon Procedures Performed to Determine Compliance:**

*Note: All procedures and the related results below must be completed. The auditor may also choose to include a copy of the Certificate of Insurance with the report.*

*The school must have all of the insurance types listed below and the coverage must currently be in force. If the school does not have the required coverage, the school is not in compliance. It must obtain the required coverage. If evidence that the school now has the insurance (such as the Certificate of Insurance) is provided to the auditor by the report date, the auditor should note this in the results column and attach the evidence to the report. If it is not provided to the auditor by the report date, the documentation showing the School meets the requirements must be sent to the DPI by January 15, 2024. A school that does not have the required insurance may have payments withheld or may be terminated from the program, even if evidence that the school later obtained the coverage is provided to the DPI.*

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Bulletin Review:** Obtained an understanding of the insurance and fidelity bond requirements by reviewing the Insurance and Fidelity Bond Bulletin available on the [Choice Bulletins webpage](https://dpi.wi.gov/parental-education-options/choice-programs/bulletins).
 | Completed |
| 1. **Worker's Compensation Liability Insurance:** Examined the certificate of insurance, policies or other written confirmation of insurance coverage and determined if the worker’s compensation liability insurance is the amount required by state statute.
 | {Complies or insert explanation of non-compliance} |
| 1. **Commercial General Liability Insurance:** Examined the certificate of insurance, policies or other written confirmation of insurance coverage and determined if the insurance is a minimum of $1,000,000 for each occurrence and $1,000,000 for personal injury unless the amount obtained is based on a written recommendation of a risk or insurance consultant.
 | {Complies or insert explanation of non-compliance} |
| 1. **Umbrella Excess Liability Insurance:** Examined the certificate of insurance, policies or other written confirmation of insurance coverage and determined if the insurance has an aggregate limit of at least $5,000,000 unless the amount obtained is based on a written recommendation of a risk or insurance consultant.
 | {Complies or insert explanation of non-compliance} |
| 1. **Auto Liability Insurance:** Examined the certificate of insurance, policies or other written confirmation of insurance coverage and determined if the insurance is a minimum of $1,000,000 for each accident unless the amount obtained is based on a written recommendation of a risk or insurance consultant.
 | {Complies or insert explanation of non-compliance} |
| 1. **Errors & Omissions Liability Insurance:** Examined the certificate of insurance, policies or other written confirmation of insurance coverage and determined if the School complied with the following:
* The policy had an aggregate limit of $1,000,000 unless the amount obtained is based on a written recommendation of a risk or insurance consultant. If combined with other insurances, ensured that the School’s aggregate limit was at least as much as the total of each insurances’ required aggregate limit.
* If the School uses directors and officers insurance for the errors and omissions liability for school leaders, the policy provides coverage commonly found in a school leaders errors and omissions liability policy for the School, its officers, and governing board **and employees** acting within the scope of their duties against claims from third parties for alleged errors and omissions, misstatements, negligence, or breach of duty. This includes allegations concerning employment-related issues such as discrimination, harassment, and wrongful termination, mismanagement of assets, and failure to provide services.
 | {Complies or insert explanation of non-compliance} |
| 1. **Sexual Misconduct Liability**: Examined the certificate of insurance, policies or other written confirmation of insurance coverage and determined if the sexual misconduct liability for School leaders had an aggregate limit of $1,000,000 unless the amount obtained is based on a written recommendation of a risk or insurance consultant. If combined with other insurances, ensured that the School’s aggregate limit was at least as much as the total of each insurances’ required aggregate limit.
 | {Complies or insert explanation of non-compliance} |
| 1. **Insurance Agent Information:** Determined the insurance information for the worker’s compensation insurance, commercial general liability insurance, umbrella excess liability insurance, auto liability insurance, errors and omissions liability insurance, and sexual misconduct insurance.
 | *Insert the following. If the School has different companies or agents, copy the below and provide the information for each:*Insurance Company: {name}Agent Name: {name}Agent Phone Number: {phone number} |
| 1. **Payments Current:** Examined payments for coverage and determined if the School is current with payments.
 | {Complies or insert explanation of non-compliance. If any amount was not paid on time, identify the month, year, and amount that was not paid on time and whether or not it was paid by the report date.} |
| 1. **Insurance Effective as of Report Date:** Determined if the worker’s compensation insurance, commercial general liability insurance, umbrella excess liability insurance, auto liability insurance, errors and omissions liability insurance, and sexual misconduct insurance are effective as of the date of this report.
 | {Complies or insert the names of the insurance that was not effective as of the date of the report} |
| 1. **DPI Listed as Certificate Holder:** Determined if the DPI is listed as a certificate holder on the worker’s compensation insurance, commercial general liability insurance, umbrella excess liability insurance, auto liability insurance, errors and omissions liability insurance, and sexual misconduct insurance.
 | {Complies or identify the insurance that does not have DPI listed as the certificate holder} |

# School Bus Requirements [PI 35.13 (8) & PI 48.13 (8)]:

All buses in the State of Wisconsin must pass an annual inspection in compliance with Wis. Administrative Rule Trans 300.87. The inspections must be conducted by the Wisconsin Department of Transportation. Trans 300.87 indicates:

*(1) Upon notification by the Department of Transportation, or the Department of Public Instruction, or any public school official, the owner or operator shall present all school buses for inspection at the time and place designated or the department may, at its option, inspect the school buses at the owner's place of business. All school buses shall be inspected annually.*

*(2) A school bus inspection report shall be completed for each school bus inspected. A copy of the report shall be provided to the school bus owner and the respective school district. Upon completion of an inspection, a school bus shall be approved or disapproved. A school bus is approved when it is found that all requirements of this chapter are met. A school bus is disapproved if defects are noted and the school bus inspection report indicates that the vehicle is "out-of-service."*

If the school is operating or contracting for the operation of school buses with an organization other than a Wisconsin school district, the school or the contracted operator must have school bus insurance as required by Wis. Stat. § 121.53. The school may not contract for the operation of school buses with a party, other than a Wisconsin school district, unless the operator has provided the school with a certificate of insurance meeting the state statute requirements. The following are the school bus insurance requirements of Wis. Stat. § 121.53:

* No motor vehicle may be used as a school bus unless there is bodily injury and property damage liability insurance, issued by an insurer authorized to transact business in this state, on it.
* The insurance coverage must be property damage liability coverage of not less than $10,000. The policy also must have bodily injury liability coverage of not less than $75,000 for each person and total limits as follows:
	+ $150,000 per accident for each vehicle with a seating capacity of 7 passengers or less.
	+ $200,000 per accident for each vehicle with a seating capacity of 8 to 15 passengers.
	+ $250,000 per accident for each vehicle with a seating capacity of 16 to 24 passengers.
	+ $375,000 per accident for each vehicle with a seating capacity of 25 to 36 passengers.
	+ $1,000,000 per accident for each vehicle having a seating capacity of 37 or more passengers.
* The policy must cover the transportation of pupils, their parents or guardians, authorized chaperones, school district officers, faculty and employees and school doctors, dentists and nurses:
	+ To and from the school.
	+ In connection with any extracurricular school activity.
* An insurer issuing a policy under this section may exclude coverage for livery use of the school bus, but cannot exclude the required coverage when the school bus is used to regularly transport pupils of another public or private school.
* The school bus insurance requirements do not apply to:
	+ A motor vehicle owned or operated by a parent or guardian transporting only the parent's or guardian's **own** child, whether or not it is by contract or if compensation is paid to the parent or guardian for the transportation.
	+ A motor vehicle operated by a contracted common carrier.
	+ A taxicab regulated by a municipal ordinance under Wis. Stat. § 349.24 when used to transport pupils.
* A motor bus painted a color other than school bus yellow used only for school-related curricular or extracurricular transportation is required to meet the bus requirements described above. (Wis. Stat. § 121.555(2)). These buses may be referred to as “charter operations”.

**Agreed Upon Procedures Performed to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **School Used Buses:** Determined if the School used buses between July 1, 2023 and the review date. If the School used buses, determined whether the buses were operated by the School, contracted from a Wisconsin school district, or contracted from a company other than a Wisconsin school district.

If the buses are contracted from a company other than a Wisconsin school district, determined the transportation company name and Federal Employer Identification Number (FEIN).Verified that the transportation company is a separate legal entity from the School.If the transportation company and the School have the same FEIN, then the testing must be completed for owned buses. | Determined the following:1. The School used buses between July 1, 2023 and the review date: {Yes/No}
2. The School was operating buses: {Yes/No}
3. The School was contracting buses from a Wisconsin school district: {Yes/No}
4. The School was contracting buses from a third party other than a Wisconsin school district: {Yes/No}

*If the answer to 4 is yes, complete the following:* 1. Transportation Company Name: {Name}
2. Verified that the transportation company is a separate legal entity from the School: {Insert “Yes”. If the transportation company is not a separate legal entity, indicate that the School is operating buses rather than contracting buses above and complete the required testing when the school operates buses.}
 |
| 1. **Bus Insurance Coverage:** If the School was operating buses, examined a certificate of insurance, policies or other written confirmation of insurance coverage and determined if the coverage meets the requirements.
 | *If Item 8A.2. indicates the School does not operate buses, insert:* Not applicable.*If Item 8A.2. indicates the School operates buses, insert:* {Complies or explanation of non-compliance} |
| 1. **Bus Insurance Payments Current:** If the School was operating buses, examined payments for the insurance coverage. Determined if the School was current with the payments and if the identified insurance coverage was in force.
 | *If Item 8A.2. indicates the School does not operate buses, insert:* Not applicable.*If Item 8A.2. indicates the School operates buses, insert:* {Complies or explanation of non-compliance} |
| 1. **Bus Inspection Report:** If the School was operating buses, examined the bus inspection report and determined if an inspection had been completed within the last 12 months. Also determined if the bus passed inspection.

If any bus inspections were not completed on a timely basis or the bus did not pass the inspection, determined if the bus has passed an inspection as of the report date. If any bus has not passed the inspection as of the report date, advised the School it must provide the DPI with an inspection report showing the bus passed before it can operate the bus.If the Wisconsin State Patrol School Bus Inspection report (“inspection report”) indicated the vehicle was disapproved until defects were corrected, reviewed the box at the bottom of the inspection report to determine what is required for the bus to be approved for service. If the inspection report indicates that the vehicle was disapproved for use until all items in the inspection report were corrected, completed the following procedures:1. Confirmed that the repairs appear completed by either reviewing the documentation showing the repairs were made or physically inspecting the bus.
2. The OSS (out of service) repairs typically also require that the school notify the state patrol inspector when all repairs were made. This will be noted in the box at the bottom of the inspection report. If this is noted, confirmed that the inspector was notified that the repairs were made by reviewing correspondence sent to the inspector and any response from the inspector.
3. If the inspection report indicated anything else was required prior to using the bus, verified the required item was completed.
 | *If Item 8A.2. indicates the School does not operate buses, insert:* Not applicable.*If Item 8A.2. indicates the School operates buses, insert:*Determined the following:1. The bus inspection for all of the School’s buses was/were completed within the last 12 months: {Yes/No}
2. The results of the current bus inspection were: {pass/fail}

*If 1 is no or the School failed an inspection, the School is not in compliance and the following must be inserted:*1. Any buses that did not pass the inspection or were not inspected have passed an inspection by the review date or met the requirements specified in the inspection report to be in service: {Yes/No}

*If the answer to 3 is no, confirm that the bus is no longer in use.*1. The bus is no longer being operated by the School as of the review date: {Yes/No}
2. The VIN # of all buses that did not pass the inspection or were not inspected by the report date: {insert VIN #(s)}
 |
| 1. **Bus Contractor Certificate of Insurance:** If the School was contracting school buses from a party other than a Wisconsin school district, examined the certificate of insurance provided by the School’s contracted bus operator and determined if the insurance coverage met the requirements.
 | *If Item 8A.4. indicates the School does not contract for buses, insert:* Not applicable.*If Item 8A.4. indicates the School contracts for buses, insert:* {Complies or explanation of non-compliance} |
| 1. **Bus Contractor Inspection Report:** If the School was contracting buses from a party other than a Wisconsin school district, determined that the School had one of the following:
	* Bus inspection reports showing the buses passed the inspection for any buses that will be used; or
	* A letter from the bus contractor on company letterhead stating that all buses have passed an inspection within the last 12 months.

If the School is not able to obtain the required documentation that the inspection was completed for contracted buses, advise the School it must provide DPI with the required documentation showing the bus passed an inspection before the School’s students can be on the bus. | *If Item 8A.4. indicates the School does not contract for buses, insert:* Not applicable.*If Item 8A.4. indicates the School contracts for buses, insert:* 1. The School provided the bus inspection reports or the letters from the bus contractor showing the buses had the required inspections: {Yes/No}
2. The School provided bus inspection reports or the letters from the bus contractor indicating a bus failed an inspection: {Yes/No}

*If 1 is no or 2 is yes, the School is not in compliance and the following must be inserted:*1. The School provided the bus inspection reports or the letters from the bus contractor showing the buses that did not pass an inspection or did not have documentation that an inspection was completed have passed an inspection by the review date: {Yes/No}

*If the answer to 3 is no, confirm the vehicle is no longer in use.*1. The vehicle is no longer being operated by the School as of the review date: {Yes/No}
2. The VIN # for all buses that the School did not have the documentation of the bus having passed inspection by the report date: {insert VIN #(s)}
 |

# Alternative Vehicle Pupil Transportation Requirements [PI 35.13 (9) & PI 48.13 (9)]:

An alternative vehicle is any motor vehicle that is not a yellow school bus and that is used to transport pupils other than parents transporting their own children. If pupils are transported to or from school related events by parents who are also transporting other pupils, or are transported by volunteers or school staff who do not have pupil transportation responsibilities, the DPI recommends that the school consult their attorney and insurance carrier regarding potential legal and liability issues.

A school may provide pupil transportation in vehicles other than school buses if it complies with the following:

* The alternative vehicle driver has a criminal background check.
* The vehicle used can only transport 9 or less passengers in addition to the operator.

A vehicle that can transport 10 or more passengers, in addition to the operator, may be temporarily used to provide transportation if, at the request of the school, the Wisconsin Department of Transportation makes a determination that an emergency exists because no regular transportation is available. The Department of Transportation must approve or deny the request in writing. If granted, the approval must specify the purpose and need for the emergency transportation service.

A motor vehicle used as an alternative vehicle must meet the following conditions:

* Insurance:
	+ - If the vehicle **is owned or leased by the school or a school bus contractor**, or is a vehicle temporarily transporting 10 or more passengers and authorized by the Wisconsin Department of Transportation, it must have the coverage specified in Wis. Stat. § 121.53.
	+ Pursuant to Wis. Stat. § 121.555 (2)(a), if the vehicle transports 9 or less persons, in addition to the operator; **and is not owned** or leased by the school or by a school bus contractor, it must have the following coverage:
* Property damage coverage with a limit of not less than $10,000.
* Bodily injury liability coverage with limits of not less than $25,000 for each person, and a total limit of not less than $50,000 for each accident.
* Inspection:
	+ If the vehicle is owned or leased by the school, a school bus contractor or is operated by a school district employee, it must be inspected annually for compliance with:
* Wis. Stat. § 110.075.
* Wisconsin Administrative Code TRANS 300.
* The rules of the department of transportation.
	+ The owner or lessee of the vehicle is responsible for the annual inspection. Inspections may be conducted by ASE certified mechanics.
* Seating requirements: The vehicle may not be used to transport more persons than can be seated on the permanently mounted seats facing forward without interfering with the operator.

**Agreed Upon Procedures to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **School Used Alternative Transportation Vehicles:** Determined if the School used transportation vehicles other than school buses. If the School used alternative vehicles, determined whether the vehicles were owned by the School, contracted from a Wisconsin school district, or contracted from a company other than a Wisconsin school district.

If the vehicles are contracted from a company other than a Wisconsin school district, determined the transportation company name and FEIN.Verified that the transportation company is a separate legal entity from the School.If the transportation company and the School have the same FEIN, then the testing must be completed for owned alternative vehicles. | Determined the following:1. The School used transportation vehicles other than school buses between July 1, 2023 and the review date: {Yes/No}
2. The School owns pupil transportation vehicles other than school buses: {Yes/No}
3. The School contracted for pupil transportation vehicles from a Wisconsin school district: {Yes/No}
4. The School contracted for pupil transportation vehicles from a third party other than a Wisconsin school district: {Yes/No}

*If the answer to 4 is yes, complete the following:* 1. Transportation Company Name: {Name}
2. Verified that the transportation company is a separate legal entity from the school: {Insert “Yes”. If the transportation company is not a separate legal entity, indicate that the School owns alternative vehicles other than school buses rather than indicating that the School contracts for alternative vehicles above. Then, complete the required testing when the school owns pupil transportation vehicles other than school buses.}
 |
| 1. **Owned Alternative Vehicles Insurance Coverage:** If the School owns pupil transportation vehicles other than school buses, examined a certificate of insurance, policies or other written confirmation of insurance coverage and determined if the insurance coverage meets the requirements.
 | *If Item 9A.2. indicates the School does not own alternative vehicles, insert:* Not applicable.*If Item 9A.2. indicates the School owns alternative vehicles, insert:* {Complies or explanation of non-compliance} |
| 1. **Owned Alternative Vehicles Insurance Payments Current:** If the School owns pupil transportation vehicles other than school buses, examined payments for insurance coverage and determined if the School is current with payments and if the identified coverage is in force.
 | *If Item 9A.2. indicates the School does not own alternative vehicles, insert:* Not applicable.*If Item 9A.2. indicates the School owns alternative vehicles, insert:* {Complies or explanation of non-compliance} |
| 1. **Contracted Alternative Vehicles Insurance Coverage:** If the School contracted pupil transportation vehicles from a party other than a Wisconsin school district, examined the certificate of insurance provided by the contracted vehicle operator and determined if the insurance coverage is as required.
 | *If Item 9A.4. indicates the School does not contract for alternative vehicles, insert:*Not applicable*If Item 9A.4. indicates the School contracts for alternative vehicles, insert:* {Complies or explanation of non-compliance} |
| 1. **Alternative Vehicles Inspections:** If the School owns an alternative vehicle or contracted pupil transportation vehicles from a party other than a Wisconsin school district, examined documentation showing the vehicle was inspected in the past year in compliance with state requirements. Also determined if the vehicle passed the inspection.

If any alternative vehicle inspections were not completed on a timely basis or the vehicle did not pass the inspection, determined if the vehicle passed an inspection by the report date. If any vehicle has not passed the inspection as of the report date, advise the School it must provide DPI with an inspection report showing the vehicle passed before the School’s students can be in the vehicle. | *If Item 9A.2. and 9A.4 indicate the School does not own or contract for alternative vehicles, insert:* Not applicable.*If Item 9A.2. or 9A.4 indicate the School owns or contracts alternative vehicles, insert:* Determined the following:1. The inspection for all of the School’s alternative vehicles was/were completed on time and by an individual who can complete inspections: {Yes/No}
2. All of the alternative vehicles passed the inspection: {Yes/No}

*If 1 or 2 is no, the School is not in compliance and the following must be inserted:*1. Any alternative vehicles that did not pass an inspection or were not inspected have passed an inspection by the review date: {Yes/No}

*If the answer to 3 is no insert:*1. The vehicle is no longer being operated by the School as of the review date: {Yes/No}
2. The VIN # of all alternative vehicles that did not pass the inspection or were not inspected by the report date: {insert VIN #(s)}
 |
| 1. **Alternative Vehicle Capacity Review:** If the School owns an alternative vehicle or contracted pupil transportation vehicles from a party other than a Wisconsin school district, compared the capacity of the vehicles with a management provided list of pupils transported in the vehicles, and determined if the number of the pupils transported was the lesser of 9 passengers or the vehicle’s stated capacity.
 | *If Item 9A.2. and 9A.4. indicate the School does not own or contract for alternative vehicles, insert:* Not applicable*If Item 9A.2. or 4. Indicate the School owns or contracts for alternative vehicles, insert:* {Complies or explanation of non-compliance} |
| 1. **Alternative Vehicle Information Review:** If the School owns an alternative vehicle or contracted pupil transportation vehicles from a party other than a Wisconsin school district, reviewed the FAQ at <https://dpi.wi.gov/parental-education-options/choice-programs/financial-reports/fiscal-practices>.
 | *If Item 9A.2. and 9A.4. indicate the School does not own or contract for alternative vehicles, insert:* Not applicable*If Item 9A.2. or 9A.4 indicate the School owns or contracts for alternative vehicles, insert:*Completed |
| 1. **Driver Background Check Completed:** If the School owns an alternative vehicle or contracted a pupil transportation vehicle from a party other than a Wisconsin school district, requested a list of drivers of alternative vehicles.

Determined if the “School Bus or Alternative Vehicle License Information Request” form available at: <https://dpi.wi.gov/parental-education-options/choice-programs/financial-reports/fiscal-practices> was completed and if a background check on the driver(s) was/were completed.If the required form or background check was not completed as required, determine if it was completed by the report date. If it was not, advised the School that the individuals may not drive until a copy of the form and background check are provided to the DPI. If the form indicated the driver had convictions that don’t allow him/her to drive, determined if the individual drove students and advised the School that this person cannot be a driver for their School. | *If Item 9A.2. or 9A.4. indicate the School does not own or contract for alternative vehicles, insert:* Not applicable*If Item 9A.2. or 4. Indicate the School owns or contracts for alternative vehicles, insert:* 1. Number of drivers that the School did not have a “School Bus or Alternative Vehicle License Information Request” form for: {number}
2. Number of background checks not completed by the date a driver transported students: {number}
3. Names of drivers that transported students and indicated that they had convictions that don’t allow them to drive on the background check form: {insert names or None}

*If 3 identifies names, the School is not in compliance, Additionally, if 1 or 2 indicate the School did not complete a requirement for a driver, the School is not in compliance and the following must be inserted:*1. Names of drivers that were missing forms as of the report date: {insert names or None}
2. Names of drivers that were missing background checks as of the report date: {insert names or None}
 |

# Background Checks [Wis. Stat. §§ 115.7915(6)(d), 118.60 (7)(h) and 119.23 (7)(h) and PI 35.13 (10m) & PI 48.13 (10m)]:

See the Criminal Background Checks Bulletin on the [Choice Bulletins webpage](https://dpi.wi.gov/parental-education-options/choice-programs/bulletins) and the Criminal Background Checks Training in Section 6 of the [On Demand Training webpage](https://dpi.wi.gov/parental-education-options/choice-programs/on-demand-training) for information on the criminal background check requirements.

**Agreed Upon Procedures Performed to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Review Bulletin & Training:** Obtained an understanding of the Criminal Background Check requirements by reviewing the Criminal Background Checks Bulletin on the [Choice Bulletins webpage](https://dpi.wi.gov/parental-education-options/choice-programs/bulletins) and the Criminal Background Checks Training in Section 6 of the [On Demand Training webpage](https://dpi.wi.gov/parental-education-options/choice-programs/on-demand-training).
 | Completed. |
| 1. **Identify Individuals Requiring Background Checks:** Obtained the following from the school:
2. The October 2023 payroll records for the School used for the testing in 4G. The records should identify if the School determined each individual was an employee directly or indirectly related to educational programming.
3. A listing of all individuals not included in the payroll records who were paid by the School between July 1, 2023 and the review date except for the reimbursements tested in 3E. The listing should identify if the School determined each individual was an employee directly or indirectly related to educational programming.

Background checks are required for employees of the School who are directly or indirectly related to educational programming. If the School identified an individual did not require a background check, determined that a background check was not required because of one of the following:* + - * 1. The individual was not an employee of the School based on the definition under Wis. Stat. § 108.02 (12). If the School is subcontracting employees, such as teachers, the administrative personnel at the subcontractor generally are not employees unless they are completing specific administrative functions for the School.
				2. The individual was not directly or indirectly related to educational programming.

Finally, determine which of the employees must be tested in 10E. The background check procedures must be completed for the following:1. If the school participated in the PSCP or Special Needs Scholarship Program (SNSP) in the previous school year, the procedures must be completed for any employees identified above that met any of the following criteria:
	1. The employee’s most recent background check was more than 5 years ago.
	2. The School used the DPI issued license option for the background check.
2. If the School is new to the PSCP and SNSP in the 2023-24 school year, complete the background check procedures on all of the employees identified above.
 | Completed. |
| 1. **Identify Companies Requiring Background Checks:** Obtained a listing from the School of all companies who were paid by the School between July 1, 2023 and the review date. The School must identify on the listing whether the individuals working at each company were a School employee that was directly or indirectly related to educational programming.

For any companies that were not identified as having School employees that require background checks, determined if the companies were either:1. Related parties of the School as defined under Generally Accepted Accounting Principles; or
2. Providing administrative personnel, teachers, teacher aides, or substitute teachers for the School. This includes companies that provided virtual instruction for the School.

If so, determined that a background check was not required because of one of the following:1. The individual was not an employee of the School based on the definition under Wis. Stat. 108.02 (12).
2. The individual was not directly or indirectly related to educational programming.

Any employees of the legal entity of the School that are directly or indirectly related to educational programming must have a background check completed.Finally, determine which of the employees must be tested in 10E. The background check procedures must be completed for the following:1. If the school participated in the PSCP or SNSP in the previous school year, the procedures must be completed for any employees identified above that met any of the following criteria:
	1. The employee’s most recent background check was more than 5 years ago.
	2. The School used the DPI issued license option for the background check.
2. If the School is new to the PSCP and SNSP in the 2023-24 school year, complete the background check procedures on all of the employees identified above.
 | Completed. |
| 1. **Immoral Conduct:** Obtained a policy or other written document from the School identifying what the School considered to be immoral conduct. Immoral conduct is defined under Wis. Stat. § 115.31(1)(c) as “conduct or behavior that is contrary to commonly accepted moral or ethical standards and that endangers the health, safety, welfare or education of any pupil.” The School’s policy must identify that immoral conduct includes the employee intentionally using an educational agency’s equipment to download, view, solicit, seek, display, or distribute pornographic material as one of the types of immoral conduct.
 | Completed. |
| 1. **Background Checks:** Determine whether all of the employees who are directly or indirectly related to educational programming (educational employees) identified in 10B and 10C met one of the following.
2. *DPI Issued License Option:* Obtained a copy of the DPI issued license from the School. Verified that the educational employee met the requirement by:
	1. Obtaining a copy of the educational employee’s license certificate.
	2. Verifying the license was currently active at <https://elo.wieducatorlicensing.org/datamart/publicSearchMenu.do>. Lifetime licenses are current if the “Expires On” is blank and the “License Status” is “Valid for Dates Shown”. Other licenses are current if they have a future “expires on” date. Noted whether the individual had a Lifetime license or license that expires in the workpapers. If the individual’s license expires, noted the expiration date in the workpapers.

Please note any current DPI issued license is sufficient for this requirement, it does not need to be a specific type of license for background check purposes.1. *Separate Background Check Option:* Obtained a copy of the background check completed for all the employees that must be tested as identified in 10B and 10C. If the school was a first time participant in the 2023-24 school year or if the employee was a new employee in the 2023-24 school year, determined that the employee had a background check before they worked for the School in the 2023-24 school year. If the School was required to complete a new background check for the employee because the most recent background check was more than 5 years ago, determined that a new background check was completed within 5 years of the last background check.

Determined the following for each employee:* 1. Whether the background check identified any offenses that wouldn’t allow the individual to work at the School. An individual cannot work at the school if the individual has been convicted of any Class A, B, C, D, E, F, G, or H felony under Wis. Stat. § [940](https://docs.legis.wisconsin.gov/statutes/statutes/940) or [948](http://docs.legis.wisconsin.gov/statutes/statutes/948), except §§ 940.08 and 940.205, within six (6) years. Wis. Stat. § 118.19(4). For a list and complete definitions of the prohibited offenses, please see Wis. Stat. § [940](https://docs.legis.wisconsin.gov/statutes/statutes/940) or [948](http://docs.legis.wisconsin.gov/statutes/statutes/948).
	2. Whether the background check identified the employee engaged in immoral conduct, as defined in the written policy or document obtained in 10D. If any items are identified through the background check, reviewed the documentation from the School assessing whether the item identified is immoral conduct based on the School’s policy or document obtained in 10D and the conclusion reached by the School.

If the required background check was not completed, determined if it was completed by the report date.Maintained the records/listings provided by the School in 10B and 10C and a list of the individuals who were tested for background checks in the working papers.  | *For schools new to the program and SNSP in the 2023-24 school year insert the following:* Determined the following:1. Number of educational employees that did not have a background check completed using either the DPI Issued License Option or the Separate Background Check Option in advance of the employee working at the School during the 2023-24 school year: {number or None}
2. Number of educational employees that did not pass the background check who worked at the School during the school year: {number or None}

*Note: The additional required items if non-compliance items are identified in 1 or 2 are included in a separate section below.**For continuing schools in the program or SNSP insert the following:*Determined the following:1a. Number of educational employees that are new to the school that did not have a background check completed using either the DPI Issued License Option or the Separate Background Check Option in advance of the employee working at the School for the school year: {number or None}1b. Number of educational employees that did not have a background check within 5 years of the last background check if the Separate Background Check Option was used: {number or None}1c. Number of educational employees that used the DPI Issued License Option in the previous school year that did not have a current teacher license or a separate background check completed in advance of the employee working at the School for the current school year: {number or None}1. Number of educational employees that did not pass the background check who worked at the School during the school year: {number or None}

*Note: The additional required items if non-compliance items are identified in 1 or 2 are included in the next section.**If any non-compliance items are noted in 1 or 2 for a new or continuing school, complete the following as applicable:**If 1, 1a, 1b, or 1c is greater than 0, the School is not in compliance and the following must be inserted:*1. As of the report date, the School has completed background checks for each employee in 1 that did not have them completed: {Yes/No}

*If 3 is no, insert the following:*1. The following employees did not have background checks completed by the report date: {insert names}

*If 2 is greater than 0, the School is not in compliance and the following must be inserted:*1. Are the individuals identified in 2 still employees of the school: {Yes/No}
2. The following employees identified in 2 are still working at the School: {insert names or, if there are none, insert None}
 |
| 1. **Prior Year Missing Background Checks:** Reviewed the 2022-23 Fiscal and Internal Control Practices Report and determined if the school had any missing background checks as of the report date. If so, determined if the individual was identified in Procedure 10B or 10C as an employee at the School who is directly or indirectly related to the educational programming.

For any individuals who were missing a background check in the 2022-23 Fiscal and Internal Control Practices Report and were identified as an employee in 10B or 10C, determined if the School completed one of the background check options in 10E. If the required background check was not completed, determined if it was completed by the report date.Maintained the records/listings provided by the School in 10B and 10C and a list of the individuals who were tested for background checks in the working papers. | *For schools new to the program in 2023-24 insert:*Since the School first participated in the program in the 2023-24 school year, this procedure is not applicable.*For continuing schools in the program insert the following:*Determined the following:1. Number of educational employees that did not have a background check completed in the previous fiscal and internal control practices report by the report date: {number or None}
2. Number of employees in 1 who are still employees at the School directly or indirectly related to educational programming: {number or None}

 *If 2 is greater than 0, insert the following:*1. As of the report date, the School has completed background checks for each employee in 2: {Yes/No}

*If 3 is no, the school is not in compliance and the following must be inserted:*1. The following employees did not have background checks completed by the report date: {insert names}
 |

# Fidelity Bond Requirement [PI 35.13 (11) & PI 48.13 (11)]:

The school shall have a fidelity bond indemnifying the private school against loss resulting from dishonesty, malfeasance or neglect by owners, officers or employees as described in the Insurance and Fidelity Bond Bulletin on the [Choice Bulletins webpage](https://dpi.wi.gov/parental-education-options/choice-programs/bulletins).

**Agreed Upon Procedures to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Fidelity Bond Review:** Examined the document provided by the fidelity bond issuer indemnifying the School and determined if it indemnified the School against loss resulting from dishonesty, malfeasance or neglect by owners, officers or employees. A Crime-Employee Dishonesty policy is sufficient for this requirement if the policy provides loss coverage for acts resulting from dishonesty, malfeasance, or neglect by owners, officers or employees.

No specific dollar amount for the bond is required under PI 35 or PI 48.  | {Complies or insert explanation of non-compliance} |
| 1. **Bond Payments Current:** Examined payments for the fidelity bond and determined if the School was current with payments and if the bond was in force.
 | {Complies or insert explanation of non-compliance} |

# Employee Education Requirements [PI 35.13 (12) & PI 48.13 (12)]:

All administrators, teachers, and teacher aides at the school must meet the educational credential requirements. See the Staff Credentials Bulletin on the [Choice Bulletins webpage](https://dpi.wi.gov/parental-education-options/choice-programs/bulletins) for information on the educational requirements. If the employee’s legal name changed from what was on the employee’s educational credentials, the school will need to provide the auditor with proof of the name change such as a court order, marriage certificate or divorce decree. The frequently asked questions in the Staff Credentials Bulletin explains what documentation may be maintained by the school/auditor since certain vital records should not be copied.

**Agreed Upon Procedures to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. **Review Bulletin:** Obtained an understanding of the employee education requirements by reviewing the Staff Credentials Bulletin on the [Choice Bulletins webpage](https://dpi.wi.gov/parental-education-options/choice-programs/bulletins).
 | Completed. |
| 1. **Administrator Requirements:** Identified all individuals serving in an administrator capacity at the School and determined if the School has documentation showing each administrator met *one* of the following:
2. The administrator had at least a bachelor’s degree from an accredited institution of higher education. Determined if the administrator had a degree by reviewing a copy of the degree or an official transcript indicating the administrator received a degree. Determined if the School attended by each administrator was an accredited organization by ensuring it was listed on the US Department of Education webpage at <http://ope.ed.gov/accreditation/>.
3. As of the review date, the administrator had a DPI issued teacher or administrator license. Determined if the administrator had a license by reviewing a copy of the license certificate and verifying the license was currently active at <https://elo.wieducatorlicensing.org/datamart/publicSearchMenu.do>. Lifetime licenses are current if the “Expires On” is blank and the “License Status” is “Valid for Dates Shown”. Other licenses are current if they have a future “expires on” date. Noted whether the individual had a Lifetime license or license that expires in the workpapers. If the individual’s license expires, noted the expiration date in the workpapers. The three-year short term substitute license is not sufficient to meet this requirement.
4. The School prepares and trains pupils attending the School in rabbinical studies.

For any administrators who do not have the required credentials, determined if they are an administrator, no longer an administrator, or no longer employed at the school as of the report date.Maintain a list of the administrators, identification of which requirement they met, and the license information noted in 2, if applicable, in the workpapers. | Determined the following:1. All of the administrators at the School meet the requirements: {Yes/No}

*If any of the administrators do not meet the requirements as of the report date, the School is not in compliance and the following must be inserted (insert additional lines as needed):*1. The following individual(s) do not meet the credential requirement:

|  |  |
| --- | --- |
| **Name**  | **Individual’s Employment Status as of Report Date** |
| {name} | {Administrator, No longer administrator, Individual no longer employed at school} |

 |
| 1. **Teacher & Teacher Aid Identification:** Obtained a list of all employees at the School and their position, including summer school employees if applicable. This list must include employees working remotely or providing virtual instruction, if applicable. For any staff not included as teachers or teacher aides, determined if the individual interacts with students by providing academic instruction or assisting with academic instruction. If so, obtained their job description and list of responsibilities to determine if they met the definition of a teacher or teacher aide.

If the same auditing firm completed the 2022-23 and 2023-24 Fiscal & Internal Control Practices Report, compared the list of teachers and teacher aides in the 2022-23 workpapers to the list identified in this procedure.1. Completed 12D for any new teachers identified and any teachers who did not meet the requirement in the 2022-23 school year. Additionally, completed the requirement for any teachers who used the DPI issued teacher license option in the 2022-23 school year.
2. Completed 12E for any new teacher aides identified and any teacher aides who did not meet the requirement in the 2022-23 school year.

If the School is new to the Choice programs or the same auditing firm did not complete the 2022-23 and 2023-24 Fiscal & Internal Control Practices Report, ensured all identified teachers and teacher aides are tested in 12D and 12E. | Completed*Note: All procedures are required. If you aren’t able to complete the procedure, please contact DPI for proper reporting.* |
| 1. **Teacher Requirements:** Determined if the School has documentation showing that all classroom teachers, including all substitute teachers, that were identified as needing testing in 12C met *one* of the following:
2. The teacher had a bachelor’s degree or a degree or educational credential higher than a bachelor’s degree, including a masters or doctorate, from an accredited institution of higher education. Determined if the teacher had a degree by reviewing a copy of the degree or an official transcript indicating the teacher received a degree. Determined if the School each teacher attended was an accredited organization by ensuring it was listed on the US Department of Education webpage at <http://ope.ed.gov/accreditation/>.
3. As of the review date, the teacher had a DPI issued teacher license. Determined if the teacher had a license by reviewing a copy of the license certificate and verifying the license was currently active at <https://elo.wieducatorlicensing.org/datamart/publicSearchMenu.do>. Lifetime licenses are current if the “Expires On” is blank and the “License Status” is “Valid for Dates Shown”. Other licenses are current if they have a future “expires on” date. Noted whether the individual had a Lifetime license or license that expires in the workpapers. If the individual’s license expires, noted the expiration date in the workpapers. The three-year short term substitute license is not sufficient to meet this requirement.
4. The teacher only teaches courses in rabbinical studies and is therefore not required to meet the bachelor’s degree requirement for teachers.

For any teachers who do not have the required credentials, determined if they are a teacher, no longer a teacher, or no longer employed at the school as of the report date.Maintain a list of the teachers, identification of which requirement they met, and the license information noted in 2, if applicable, in the workpapers. | Determined the following:1. The teachers at the School meet the requirements: {Yes/No}

*If any of the teachers do not meet the requirements as of the report date, the School is not in compliance and the following must be inserted (insert additional lines as needed):*1. The following individual(s) do not meet the credential requirement:

|  |  |
| --- | --- |
| **Name** | **Individual’s Employment Status as of Report Date** |
| {name} | {Teacher, No longer teacher, Individual no longer employed at school} |

 |
| 1. **Teacher Aide Requirements:** Determined if the School has documentation showing that the teacher aides that were identified as needing testing in 12C met *one* of the following:
2. The teacher aide graduated from high school evidenced by documentation such as a copy of a high school diploma, a letter from a high school stating that the individual graduated, or an identification of high school graduation on a high school, college or other post-secondary educational agency transcript.
3. The teacher aide had a general educational development (GED) evidenced by a copy of a GED.
4. The teacher aide had a high school equivalency diploma (HSED) evidenced by a copy of a HSED.
5. The teacher aide had a degree or educational credential higher than 1-3 above. Determined if the teacher’s aide had a degree by reviewing a copy of the degree or an official transcript indicating the teacher aide received a degree. If the teacher aide has a college degree, it does not need to be from an accredited institution to meet the teacher aide requirement.
6. The teacher aide was granted a high school diploma by the administrator of a home-based private educational program evidenced by documentation such as a copy of a high school diploma or a letter from the administrator stating that the individual graduated.

For any teacher aides who do not have the required credentials, determined if they are a teacher aide, no longer a teacher aide, or no longer employed at the school as of the report date.Maintain a list of the teacher aides and identification of which requirement they met in the workpapers. | Determined the following:1. The teacher aides at the School meet the requirements: {Yes/No/The School does not have teacher aides}

*If any of the teacher aides do not meet the requirements as of the report date, the School is not in compliance and the following must be inserted (insert additional lines as needed):*1. The following individual(s) do not meet the credential requirement:

|  |  |
| --- | --- |
| **Name** | **Individual’s Employment Status as of Report Date** |
| {name} | {Teacher Aide, No longer teacher aide, Individual no longer employed at school} |

 |
| 1. **Subcontractor Requirements:** Reviewed the listing of the School’s subcontractors. Determined who met the definition of an administrator, teacher, or teacher aide. This must include any individuals who are providing virtual instruction for the school.

If the same auditing firm completed the 2022-23 and 2023-24 Fiscal & Internal Control Practices Report, compared the list of individuals in the 2022-23 workpapers to the list identified in this procedure.1. Determined that any new administrators, any administrators who did not meet the requirement in the 2022-23 school year, and any administrators who used the DPI issued teacher or administrator license option in the 2022-23 school year met the requirements in 12B.
2. Determined that any new teachers, any teachers who did not meet the requirement in the 2022-23 school year, and any teachers who used the DPI issued teacher license option in the 2022-23 school year met the requirements in 12D.
3. Determined that any new teacher aides and any teacher aides who did not meet the requirement in the 2022-23 school year met the requirements in 12E.

If the School is new to the Choice programs or the same auditing firm did not complete the 2022-23 and 2023-24 Fiscal & Internal Control Practices Report, ensured all identified administrators, teachers and teacher aides met the requirements in 12B, 12D, or 12E, as applicable. For any subcontractors who do not have the required credentials, determined if they are still in the position, no longer in the position, or no longer employed at the School as of the report date.Maintain a list of the subcontractors that identifies if they are an administrator, teacher, or teacher aide. This workpaper must identify which requirement they meet and the license information, if applicable. | *If the School does not have any administrators, teachers, or teacher aides who are subcontractors insert the following:*The School does not have any administrators, teachers, or teacher aides who are subcontractors.*If the School has any administrators, teachers, or teacher aides who are subcontractors insert the following:*Determined the following:1. The subcontractor administrators, teachers, and teacher aides at the School meet the requirements: {Yes/No}

*If any of the subcontractor administrators, teachers, or teacher aides do not meet the requirements as of the report date, the School is not in compliance and the following must be inserted (use the line with the applicable credential, delete any lines that aren’t used, and insert additional lines as needed):*1. The following individual(s) do not meet the credential requirement:

|  |  |  |
| --- | --- | --- |
| **Name**  | **Credential** | **Individual’s Employment Status as of Report Date** |
| {name} | Administrator | {Administrator, No longer administrator, Individual no longer employed at school} |
| {name} | Teacher | {Teacher, No longer teacher, Individual no longer employed at school} |
| {name} | Teacher Aide | {Teacher aide, No longer teacher aide, Individual no longer employed at school} |

 |

# Management Letter Review [PI 35.13 (13) & PI 48.13 (13)]:

An auditor shall review the management letter required under ss. 119.23 (7) (am) 2m. a. and 118.60 (7) (am) 2m. a., Stats, and determine whether a school has properly remediated any concerns raised by the auditor in the letter. The auditor may determine that a concern is remediated if sufficient mitigating controls exist for concerns raised. If the auditor determines a concern has not been properly remediated by the school, the auditor shall include the following in the report:

(a) The concern that has not been properly remediated.

(b) The action the school has taken to remediate the concern.

(c) The potential impact of not resolving the concern.

(d) Recommendations for resolving the concern.

**Agreed Upon Procedure to Determine Compliance:**

|  |  |
| --- | --- |
| **Procedures Performed** | **Results** |
| 1. Determined whether the School properly remediated all concerns raised by the auditor in the 2022-23 financial audit management letter.

For any concern that has not been properly remediated by the School, determined the following: 1. The action the School has taken to remediate the concern.
2. The potential impact of not resolving the concern.
3. Recommendations for resolving the concern.
 | *For schools not new to the program in 2022-23 or 2023-24 that did not have a management letter insert*:The School did not have a management letter for the 2022-23 school year.*For schools not new to the program in 2022-23 or 2023-24 that had a management letter, insert the following:* See the table below for information on the concerns raised in the management letter.*For schools new to the program in 2022-23 or 2023-24 insert:* Since the School first participated in the program in the 2022-23 or 2023-24 school year, this procedure is not applicable. |

*The following table should be used to describe the management letter concerns, if they were remediated, the actions taken to remediate them, the potential impact of not resolving the concern, and the recommendations for resolving the concern. Example actions are included for common management letter items. If one of the common concerns was not identified for the school, remove the line. If an item was identified that is not included below, add an additional line.*

|  |
| --- |
| **Management Letter Concerns** |
| **Concern Identified In Management Letter** | **Remediated?** | **Action(s) Taken by the School to Remediate the Concern** | **Potential Impact of Not Resolving the Concern** | **Recommendations for Resolving the Concern** |
| Lack of Segregation of Duties | {Yes/No} | *If remediated, insert:*Not applicable*If not remediated insert the action the School has taken to remediate the concern. An example of a sufficient action would be:*The School has general control procedures to mitigate any risk. This includes the board reviewing the financial information on a monthly basis. | *If remediated, insert:*Not applicable*If not remediated insert the impact of not remediating the concern.*  | *If remediated, insert:*Not applicable*If not remediated insert the auditor’s recommendation for resolving the concern.*  |
| The Auditor Makes Adjusting Journal Entries | {Yes/No} | *If remediated, insert:*Not applicable*If not remediated insert the action the School has taken to remediate the concern. An example of a sufficient action would be:* The School approves adjusting journal entries proposed by the auditor.*Note that schools participating in the PSCP are required to approve the auditor’s adjusting journal entries. If this is not occurring, note this and if the School will implement the control in the future.* | *If remediated, insert:*Not applicable*If not remediated insert the impact of not remediating the concern.*  | *If remediated, insert:*Not applicable*If not remediated insert the auditor’s recommendation for resolving the concern.*  |
| The Auditor Prepares the Financial Statements | {Yes/No} | *If remediated, insert:*Not applicable*If not remediated insert the action the School has taken to remediate the concern. An example of a sufficient action would be:* The School reviews the financial statements and approves them before they are finalized. | *If remediated, insert:*Not applicable*If not remediated insert the impact of not remediating the concern.*  | *If remediated, insert:*Not applicable*If not remediated insert the auditor’s recommendation for resolving the concern.*  |

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the requirements of PI 35 and PI 48. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the School’s compliance or non-compliance with identified fiscal and internal control practices required by PI 35 and PI 48. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

*{Firm Signature}*

*{Firm city and state}*

*{Date of the report}*