



**MILWAUKEE PARENTAL CHOICE PROGRAM, RACINE PARENTAL CHOICE PROGRAM, & WISCONSIN PARENTAL CHOICE PROGRAM**

**AUDIT GUIDE**

**FISCAL AND INTERNAL CONTROL PRACTICES  
REPORT TO THE  
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION  
DECEMBER 15, 2015**

**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 for schools participating in the Milwaukee Parental Choice Program (MPCP), Racine Parental Choice Program (RPCP) and Wisconsin Parental Choice Program (WPCP), collectively "Choice", as required by Wisconsin Statute 119.23 (7) (am) 2m. b. (MPCP) and Wisconsin Statute 118.60 (7) (am) 2m. b. (RPCP & WPCP). Chapter PI 35, Wisconsin Administrative Code, "PI 35" includes a detailed listing of procedures that must be completed by the auditor. PI 35.047 (13) (b) **requires** that the school include a response to all findings of non-compliance on school letterhead. The report, with management's response must be provided to the Department of Public Instruction (DPI) by December 15, 2015. The report and management response, if applicable, may be provided via mail or emailed as an attachment and sent to [dpichoicereports@dpi.wi.gov](mailto:dpichoicereports@dpi.wi.gov). Faxed copies are not accepted. If mailed, the DPI copy of the report and management response is to be stapled together in the upper left hand corner. Do not bind the report. The report must be received (not postmarked) by the due date.

### **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 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:**

PI 35 requires the use of procedures agreed upon by the auditor and the DPI. This Guide contains procedures identified as "Agreed Upon Procedures" that constitute the procedures agreed upon by the auditor and the DPI. 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 attest 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 is obligated to follow those governmental requirements, 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 DEPARTMENT WILL NOT CONSIDER THE FISCAL AND INTERNAL CONTROL PRACTICES REQUIREMENT MET.**

### **Procedure & Report Formats:**

The procedures and report formats should be "copy 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 department as required by PI 35. 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.

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. 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 DPI that the issue has been resolved. If additional information is needed the department will follow up with the school.

## Summary of Changes to the 2015-16 Report

Item	Requirement	Change(s)
N/A	General	<ol style="list-style-type: none"> <li>1) Updated the dates to reflect the 2015-16 fiscal school year.</li> <li>2) Modified the results to be bullet pointed lists rather than paragraphs when detailed numbers were provided.</li> </ol>
Item 1	Financial Accounting System Requirements	<ol style="list-style-type: none"> <li>1) Modified the procedure from ensuring that the financial system provided the information necessary to complete a FIR to indicate it needed to provide the information necessary to complete a GAAP audit and updated the reference to eligible costs to the current term used in statute of eligible education expenses.</li> </ol>
Item 2	Budget Requirements	<ol style="list-style-type: none"> <li>1) None.</li> </ol>
Item 3	Expense Payment Requirements	<ol style="list-style-type: none"> <li>1) Corrected the reference in section H to reference the procedures in C instead of B.</li> </ol>
Item 4A	Employee Compensation Payment Requirements	<ol style="list-style-type: none"> <li>1) Created a separate section (section C) for determining the financial viability risk (previously included in two different sections).</li> </ol>
Item 4B	Employee Education Requirements	<ol style="list-style-type: none"> <li>1) Administrators may now meet the credential requirement if they have a DPI issued administrator or teacher license. Added this option.</li> <li>2) Teachers may now meet the credential requirement if they have a DPI issued teacher license. Added this option.</li> <li>3) Teacher aides may now meet the credential requirement if they have been granted a high school diploma by the administrator of a home-based private educational program. Added this option.</li> </ol>
Item 5	Financial Internal Control System Requirements	<ol style="list-style-type: none"> <li>1) Removed the requirement to determine that the Choice checks were separately deposited in Section C since the payments are now made via ACH.</li> </ol>
Item 6	Government Agency Filing Requirements	<ol style="list-style-type: none"> <li>1) None.</li> </ol>
Item 7	Liability Insurance Requirements	<ol style="list-style-type: none"> <li>1) None.</li> </ol>
Item 8	School Bus Insurance Requirements	<ol style="list-style-type: none"> <li>1) Removed the option that an ASE certified mechanic can perform the bus inspection.</li> </ol>
Item 9	Alternative Vehicle Pupil Transportation Requirements	<ol style="list-style-type: none"> <li>1) None.</li> </ol>
Item 10	Risk Management and Insurance Evaluation Requirements	<ol style="list-style-type: none"> <li>1) None.</li> </ol>
Item 11	Fidelity Bond Requirement	<ol style="list-style-type: none"> <li>1) None.</li> </ol>

{ON FIRM LETTERHEAD}

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

{NAME OF SCHOOL}  
{CITY OF SCHOOL}  
Private School Choice Programs

PI 35 FISCAL AND INTERNAL CONTROL PRACTICES REPORT  
TO THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

The Wisconsin Department of Public Instruction  
125 South Webster Street  
Madison, WI 53703

We have performed the procedures enumerated below for {name of school} (School) which were agreed upon with the DPI solely to provide a report to the Wisconsin Department of Public Instruction (DPI) attesting to the School's compliance or non-compliance as of {date of attestation} with identified fiscal and internal control practices required by Chapter PI 35, Wisconsin Administrative Code (PI 35) for schools participating in the Private School Choice Programs (Choice or PSCP). School management is responsible for compliance with the requirements of PI 35 and other laws, regulations and contracts. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the requirements of PI 35. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. As required by PI 35, {we/I} did not rely on oral or written representations of the School's administration and staff in making {our/my} determination as to compliance or non-compliance with requirements.

The following table summarizes the status of the School as being in compliance or non-compliance with the identified fiscal and internal control practices. All items where any exception was noted are identified as not being in compliance.

Item	Requirement	Result
Item 1	Financial Accounting System Requirements	{In Compliance/Not In Compliance}
Item 2	Budget Requirements	{In Compliance/Not In Compliance}
Item 3	Expense Payment Requirements	{In Compliance/Not In Compliance}
Item 4A	Employee Compensation Payment Requirements	{In Compliance/Not In Compliance}
Item 4B	Employee Education Requirements	{In Compliance/Not In Compliance}
Item 5	Financial Internal Control System Requirements	{In Compliance/Not In Compliance}
Item 6	Government Agency Filing Requirements	{In Compliance/Not In Compliance}
Item 7	Liability Insurance Requirements	{In Compliance/Not In Compliance}
Item 8	School Bus Requirements	{In Compliance/Not In Compliance/N/A}
Item 9	Alternative Vehicle Pupil Transportation Requirements	{In Compliance/Not In Compliance/N/A}
Item 10	Risk Management and Insurance Evaluation Requirements	{In Compliance/Not In Compliance}
Item 11	Fidelity Bond Requirement	{In Compliance/Not In Compliance}

The procedures and the associated findings are as follows:

1. **Financial Accounting System Requirements [PI 35.047(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 Generally Accepted Accounting Principles (GAAP) 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:

- Revenue from the Choice program.
- Revenue from the parent or other private-paid tuition.
- Revenue from the Public School District for instruction provided by the school for the pupils.
- Revenue from the Public School District for transportation provided to pupils enrolled in the school.
- Revenue from federal, state, and local governments for instructional programs, food service and facility acquisition.

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

<b>Procedures Performed</b>	<b>Results</b>
A. 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}
B. Selected and completed a "system walk through" 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}
C. Examined the available reports and other information provided by the School's accounting system and determined if the information to complete the GAAP audit and provide financial management data can be efficiently obtained.	{Complies or insert explanation of non compliance}
D. Identified if the School's revenues and expenditures related to eligible education expenses are accounted for separately from other activities of the School's operating organization.	{Complies or insert explanation of non compliance}
E. Obtained and examined a trial balance from the School's accounting system and determined if it contains separate accounts for the following revenues, even if the school does not receive revenues from those sources. <ul style="list-style-type: none"> <li>• Revenue from the Choice program.</li> <li>• Revenue from the parent or other private-paid tuition.</li> </ul>	{Complies or insert explanation of non compliance}

<ul style="list-style-type: none"> <li>• Revenue from the Public School District for instruction provided by the school for the pupils.</li> <li>• Revenue from the Public School District for transportation provided to pupils enrolled in the school.</li> <li>• Revenue from federal, state, and local governments for instructional programs, food service and facility acquisition.</li> </ul>	
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2. **Budget Requirements [PI 35.047(2)]**

The administrator of the school must prepare a budget for the ensuing school year showing:

- Total September and January FTE Enrollment
- Choice September and January FTE Enrollment
- Choice Revenue
- Total Revenues and Financing Sources
- Offsetting Choice Program Revenues
- Total Cost
- Eligible Choice Cost
- Schedule of anticipated beginning and ending net choice program assets

The budget must also identify contingent funding sources the private school will use should actual enrollments be less than expected.

The administrator of a Choice school is identified by PI 35 as the individual signing the Choice Notice of Intent to Participate.

- A school filing an initial notice of intent to participate in the PSCP must:
  - Provide the school year's budget, along with a schedule of monthly cash flows, to the DPI by May 1.
  - Submit to the DPI by November 1, on a form provided by the Department, a budget reflecting actual third Friday in September enrollments and any related changes in revenues, costs and monthly cash flows.
- A school that participated in the PSCP in the immediately preceding school year must:
  - Prepare the school year's budget prior to July 1.
  - Revise its budget 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:**

*Note: Determine if the School was new to the PSCP or continuing in the PSCP in the 2015-16 school year. If a school was participating in one of the Choice programs and began participating in another Choice program, they are considered a continuing PSCP school. Complete the applicable box and delete the box that is not applicable.*

<b>Continuing Schools</b>	
<b>Procedures Performed</b>	<b>Results</b>
A. Obtained the School's budget and determined	{Complies or insert explanation of non

if it was prepared prior to July 1.	compliance}
<p>B. Determined if the budget included the following:</p> <ul style="list-style-type: none"> <li>• Total September and January FTE Enrollment</li> <li>• Choice September and January FTE Enrollment</li> <li>• Choice Revenue</li> <li>• Total Revenues and Financing Sources</li> <li>• Offsetting Choice Program Revenues</li> <li>• Total Cost</li> <li>• Eligible Choice Cost</li> <li>• Schedule of anticipated beginning and ending net choice program assets</li> </ul> <p>Also determined if it identified contingent funding sources the School will use should actual enrollments be less than expected.</p>	{Complies or insert explanation of non compliance}
<p>C. Compared the initial budget's enrollment to the actual 3<sup>rd</sup> Friday in September enrollment to determine if a revised budget was required. If so, determined if it had been properly revised.</p>	The School's budget {was revised as required/was not required to be revised/ was not revised as required and the School is therefore not in compliance}.

<b>New Schools</b>	
<b>Procedures Performed</b>	<b>Results</b>
<p>A. Obtained the School's original budget due to the DPI by May 1 and amended budget due to the DPI by November 1. Determined if the November budget reflected the actual 3<sup>rd</sup> Friday in September counts and any related changes in revenues, costs and monthly cash flows.</p>	{Complies or insert explanation of non compliance}

3. **Expense Payment Requirements [PI 35.047 (3)]**

The school must make payments to the following within 90 days of invoice receipt, payment request, or as per written agreement.

- Payments to vendors for services provided.
- Reimbursements to employees and other individuals for expenses incurred on behalf of the school. The employee or related party must request reimbursement within the time period specified by the school's written policy for such reimbursement. All reimbursements must be made on the basis of original receipts retained by the private school in support of the paid reimbursement.

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

<b>Procedures Performed</b>	<b>Results</b>
<p>A. Obtained the check register from July 1, 2015 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</p>	<p>Obtained the check register from July 1, 2015 to {review date} and determined the following:</p> <ol style="list-style-type: none"> <li>1. Frequency of disbursements: {weekly/more than weekly}.</li> <li>2. Total vendor payments by the School from</li> </ol>

<p>minimum of 5 disbursements. If more than weekly, selected a minimum of 25 disbursements. Ensured that the disbursements selected included payable(s) outstanding on the June 30, 2015 Financial Information Report (FIR), if any, since there is a greater risk that these were not paid as required.</p> <p>For each disbursement selected, determined if there was a written agreement with the vendor. If so, 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.</p> <p>If any disbursements were not made as required, selected an additional 5 or 25 disbursements, as required above, for each disbursement identified that did not comply with the requirements.</p>	<p>July 1 to the review date: \${amount}</p> <p>3. Number of examined disbursements: {number}</p> <p>4. Amount of examined disbursements: \${amount}</p> <p>5. Number not paid as required: {number}</p> <p>6. Amount not paid as required: \${amount}</p> <p><i>If any amounts were not paid on a timely basis the School is not in compliance and the following must be inserted, "The following payments were not paid as required:" or include a supplemental schedule and reference it herein. If all amounts were paid on a timely basis, delete the table.</i></p> <table border="1" data-bbox="883 648 1477 898"> <thead> <tr> <th colspan="2">Past Dues</th> </tr> </thead> <tbody> <tr> <td>Vendor Name</td> <td></td> </tr> <tr> <td>Invoice Number(s)</td> <td></td> </tr> <tr> <td>Date of Invoice/ Payment Request</td> <td></td> </tr> <tr> <td>Required Payment Date</td> <td></td> </tr> <tr> <td>Amounts Not Paid on a Timely Basis</td> <td style="text-align: right;">\$</td> </tr> </tbody> </table>	Past Dues		Vendor Name		Invoice Number(s)		Date of Invoice/ Payment Request		Required Payment Date		Amounts Not Paid on a Timely Basis	\$
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<p>B. Determined if the School had vendor and other accounts payable in the prior year FIR, Schedule 3B, Line 21. Determined if the amount was paid as of the review date. If paid, ensured the amounts were included in the population in A. If not paid, tested the amount in C below.</p>	<p><i>Determine which of the following is applicable to the school and delete the results/that are not applicable.</i></p> <p><i>For continuing schools in the program that had a vendor and other accounts payable balance as of the past June 30 insert the following: "Determined the following:</i></p> <ol style="list-style-type: none"> <li>1. Vendor and Other Accounts Payable as of 6/30/15 on the FIR: \${amount}</li> <li>2. Review date: {review date}</li> <li>3. Amount unpaid as of the review date: \${amount}</li> </ol> <p><i>Also determined that the paid amount was included in the population in A."</i></p> <p><i>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 FIR as of the past June 30 for vendor and other accounts payable."</i></p> <p><i>For schools new to the program in 2015-16 insert, "Since the school first participated in the program in the 2015-16 school year, this procedure is not applicable."</i></p>												
<p>C. 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 A. For all unpaid</p>	<p>Determined the following:</p> <ol style="list-style-type: none"> <li>1. Review date: {review date}</li> <li>2. Number of unpaid invoices as of the review date: {number}</li> <li>3. Amount of unpaid invoices as of the</li> </ol>												



<p>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.</p> <p>If the School is on the accrual basis during the school year, also reconciled the unpaid vendor invoice report to the general ledger.</p>	<p>review date: \${amount}.</p> <ol style="list-style-type: none"> <li>4. Number not paid as required by the written agreement or within 90 days of invoice receipt or payment request: {number}</li> <li>5. Amount not paid as required by the written agreement or within 90 days of invoice receipt or payment request: \${amount}</li> </ol> <p><i>If the School is on the accrual basis during the school year insert, "Reconciled the unpaid vendor invoice file as of the review date to the general ledger."</i></p> <p><i>If any amounts were not paid on a timely basis the School is not in compliance and the following must be inserted, "The following payments were not paid as required:" or include a supplemental schedule and reference it herein. If all amounts were paid on a timely basis, delete the table.</i></p> <table border="1" data-bbox="885 829 1477 1081"> <thead> <tr> <th colspan="2" style="text-align: center;">Past Dues</th> </tr> </thead> <tbody> <tr> <td>Vendor Name</td> <td></td> </tr> <tr> <td>Invoice Number(s)</td> <td></td> </tr> <tr> <td>Date of Invoice/ Payment Request</td> <td></td> </tr> <tr> <td>Required Payment Date</td> <td></td> </tr> <tr> <td>Amounts Not Paid on a Timely Basis</td> <td style="text-align: right;">\$</td> </tr> </tbody> </table>	Past Dues		Vendor Name		Invoice Number(s)		Date of Invoice/ Payment Request		Required Payment Date		Amounts Not Paid on a Timely Basis	\$
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<p>D. Determined if the School had tax withholdings and FICA-Medicare in the prior year FIR, Schedule 3B, Line 20. If so, determined if the amount was paid as of the review date and by the due date of the government agency.</p>	<p><i>Determine which of the following is applicable to the school and delete the results that are not applicable.</i></p> <p><i>For continuing schools in the program that had a tax withholdings and FICA-Medicare balance as of the past June 30 insert, "Determined the following:</i></p> <ol style="list-style-type: none"> <li>1. Tax withholdings and FICA-Medicare as of 6/30/15 on the FIR: \${amount}</li> <li>2. Review date: {review date}</li> <li>3. Amount unpaid as of the review date: \${amount}</li> <li>4. Amount unpaid as of the review date due before the review date: \${amount, if there is an amount, the School is not in compliance}</li> <li>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}"</li> </ol> <p><i>For continuing schools in the program that did not have a tax withholdings and FICA-Medicare balance as of the past June 30 insert, "Determined that the School did not have an unpaid balance</i></p>												

	<p>reported in the FIR as of the past June 30 for tax withholdings and FICA-Medicare.”</p> <p><i>For schools new to the program in 2015-16 insert, “Since the school first participated in the program in the 2015-16 school year, this procedure is not applicable.”</i></p>
<p>E. Determined if the School was current with the Internal Revenue Service (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.</p>	<p>Determined that the School {was/was not} current with the IRS payments as of the review date.</p> <p><i>If the School is not current with the payments the School is not in compliance and the following must be inserted, “Determined the following:</i></p> <ol style="list-style-type: none"> <li>1. Review date: {review date}</li> <li>2. Past due principal the School owes the IRS: \${amount of principal past due}</li> <li>3. Interest and penalties the School owes the IRS: \${amount of interest and penalties}</li> <li>4. IRS levies outstanding against the school as of the review date: \${amount including interest and penalties, if none insert 0}</li> </ol> <p>The school {has/has not} entered into a payment plan.”</p> <p><i>If the School has entered into a payment plan, add the following:</i></p> <ol style="list-style-type: none"> <li>5. 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}</li> <li>6. The School {was/was not} current with the IRS payment plan as of the review date.”</li> </ol>
<p>F. Determined if the School was current with Wisconsin Department of Revenue (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.</p>	<p>Determined that the School {was/was not} current with DOR payments as of the review date.</p> <p><i>If the School is not current with the payments the School is not in compliance and the following must be inserted, “Determined the following:</i></p> <ol style="list-style-type: none"> <li>1. Review date: {review date}</li> <li>2. Past due principal the School owes the DOR: \${amount of principal past due}</li> <li>3. Interest and penalties the School owes the DOR: \${amount of interest and penalties}</li> <li>4. DOR levies outstanding against the school as of the review date: \${amount including interest and penalties, if none insert 0}</li> </ol> <p>The school {has/has not} entered into a payment plan.”</p> <p><i>If the School has entered into a payment plan, add the following:</i></p> <ol style="list-style-type: none"> <li>5. 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</li> </ol>

	<p>including interest and penalties}</p> <p>6. The School {was/was not} current with the DOR payment plan as of the review date.</p>
<p>G. Determined if the School has a written policy specifying how reimbursements will be made to employees and related parties for expenses incurred on behalf of the School.</p>	<p>{Complies or insert explanation of non compliance}</p>
<p>H. Examined a representative selection of payments to employees and others for expenses incurred on behalf of the School and determined if:</p> <ul style="list-style-type: none"> <li>• Expense reimbursement payments to employees and related parties were made as required by the School's written policy for such reimbursements.</li> <li>• Payments were made on the basis of original receipts retained by the School.</li> </ul> <p>Ensured reimbursements made to an individual who was not an employee or related party were tested through the procedures in A or C.</p> <p>If no expense reimbursements were made, confirmed that no payments had been requested.</p>	<p><i>Determine which of the following is applicable to the school and delete the procedure that is not applicable.</i></p> <p><i>If reimbursements were made insert, "Determined the following:</i></p> <ol style="list-style-type: none"> <li>1. Review date: {review date}</li> <li>2. Total reimbursements made to employees and related parties from July 1 to the review date: \${amount}</li> <li>3. Number of examined payments: {number}</li> <li>4. Amount of examined payments: \${amount}</li> </ol> <p>As part of the testing, ensured reimbursements made to an individual who was not an employee or related party were tested through the procedures in A or C.</p> <p>The School {complies/does not comply} with the requirements." {If the school does not comply, provide an explanation of what is not in compliance.}</p> <p><i>If no expense reimbursements were made insert, "Confirmed that no payments had been requested."</i></p>
<p>I. Determined if the School had non sufficient funds (NSF) checks for payment of tax withholdings, FICA, vendor, other accounts payable and current non-payroll expense between June 30 and the review date. If the school had any of these NSF checks, determined if the School reissued the payment by the required date.</p>	<p>Determined the following:</p> <ol style="list-style-type: none"> <li>1. Review date: {date}</li> <li>2. Number of NSF checks issued by the School for payment of tax withholdings, FICA, vendor, other accounts payable and current non-payroll expense from June 30 to the review date: {number}</li> <li>3. Amount of NSF checks issued by the School for payment of tax withholdings, FICA, vendor, other accounts payable and current non-payroll expense from June 30 to the review date: \${amount}</li> </ol> <p><i>If the School had NSF checks add the following bullet points:</i></p> <ol style="list-style-type: none"> <li>4. Amount of the NSF checks that were not made good by the School: \${amount}</li> <li>5. Amount that were made good but not by the required date: \${amount}</li> </ol>
<p>J. Determined if the School rents a building. If so, determined if the School made rental payments in accordance with the contract.</p>	<p><i>If the School rents a building, "Obtained the rental agreement and determined the payments from July 1 to {review date} {were/were not} made in</i></p>

	accordance with the contract.”  <i>If the School does not rent a building, “The School does not rent any buildings.”</i>
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4A. **Employee Compensation Payment Requirements [PI 35.047 (4)]**

The school must make payments to employees based on written documents specifying compensation and dates for payment. The private school must provide this information to any employee requesting it. 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. Stats. 109.03(1)}.

The auditor must complete the financial viability risk assessment document available at [http://sms.dpi.wi.gov/sms\\_finrpt](http://sms.dpi.wi.gov/sms_finrpt) to determine the financial viability risk for this portion of the report. The determination is used to determine the required sample sizes in this section.

**Agreed Upon Procedures to Determine Compliance:**

<b>Procedures Performed</b>	<b>Results</b>
A. Obtained written documents used for identifying current school year compensation to employees and determined if compensation amounts and dates for payment are specified.	{Complies or insert explanation of non compliance}
B. Obtained the payroll records from July 1, 2015 through the review date. Determined if the total of the payroll records equaled the payroll expense in the general ledger plus or minus any accruals.	{Complies or insert explanation of non compliance}
C. Completed the financial viability risk assessment and determined the required sample size for the procedures in D and E as follows: <ul style="list-style-type: none"> <li>• Low financial viability risk schools=10% of all employees,</li> <li>• Medium financial viability risk schools=30% of all employees, and</li> <li>• High financial viability risk schools=100% of all employees.</li> </ul> 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.	Determined that the School’s financial viability risk is {low/medium/high}.
D. Determined if the payroll listing included all employees by selecting the required number of employees in C from an independently obtained source and ensuring they were included in the payroll listing.  Determined if the payroll listing only included employees by selecting the number of employees in C from the payroll listing and ensuring they	Selected {percent or 5 employees} from the payroll listing for November (tested below) to trace to an independent source or sources.  Also selected {percent or 5 employees} to trace from the independently obtained source or sources to the payroll listing for November.  <i>If unable to trace the employees from the</i>

<p>were included in the independently obtained source.</p> <p>Possible sources for the independently obtained source include a school directory, webpage, teacher name plaque on classroom doors, administrative name plaque in office, classroom records with the teacher's name, or taking an inventory of School personnel.</p>	<p><i>November payroll listing to the independently obtained source(s) or vice versa, the school is not in compliance and the following must be inserted, "{Name}, who is listed as a {position description}, was included in the {November payroll listing/independently obtained source} but not in the {November payroll listing/independently obtained source}."</i></p>
<p>E. Selected a payroll from September and October and the most recent November payroll and determined the following for the number of employees in C:</p> <ul style="list-style-type: none"> <li>• The total compensation paid for the pay period agrees with required payment amount per the compensation documents.</li> <li>• Payment dates were as specified in compensation documents.</li> <li>• The total compensation paid to date per the November payroll report equals the total compensation owed to the employee per the compensation agreement.</li> </ul>	<p>For {percent or 5 employees} determined that the school {complies/does not comply} with the requirements.</p> <p>{If the School does not comply, include an explanation of what does not comply.}</p>
<p>F. Selected 5 employees from the all employee listing and determined they were paid at least once every 31 days, on an employee voluntarily requested 12-month payment period, or per a payment frequency established by a valid collective bargaining agreement.</p>	<p>{Complies or insert explanation of non compliance}</p>
<p>G. Determined if the School had a payroll and related benefits balance in the prior year FIR, Schedule 3B, Line 19. If so, determined if the amount was paid as of the review date.</p> <p>Also determined if the amounts were paid:</p> <ul style="list-style-type: none"> <li>• As required by the written compensation agreement; and</li> <li>• Within 31 days, on an employee voluntarily requested 12-month payment period, or per a payment frequency established by a valid collective bargaining agreement.</li> </ul>	<p><i>Determine which of the following is applicable to the school and delete the results that are not applicable.</i></p> <p><i>For continuing schools in the program that had a payroll and related benefits balance as of the past June 30 insert, "Determined the following:</i></p> <ol style="list-style-type: none"> <li>1. Payroll and related benefits as of 6/30/15 on the FIR: \${amount}</li> <li>2. Review date: {review date}</li> <li>3. Amount unpaid as of the review date: \${amount}</li> <li>4. Amount not paid as required per the written agreement: \${amount, if there is an amount, the School is not in compliance}</li> <li>5. Amount not paid within 31 days, on 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}"</li> </ol> <p><i>For continuing schools in the program that did not have a payroll and related benefits balance as of the past June 30 insert, "Determined that</i></p>

	<p>the School did not have an unpaid balance reported in the FIR as of the past June 30 for payroll and related benefits.”</p> <p><i>For schools new to the program in 2015-16 insert, “Since the school first participated in the program in the 2015-16 school year, this procedure is not applicable.”</i></p>
<p>K. Determined if the School had NSF checks for payment of payroll liabilities and current payrolls between June 30 and the review date. If the school had any of these NSF checks, determined if the School reissued the payment by the required date.</p>	<p>Determined the following:</p> <ol style="list-style-type: none"> <li>1. Review date: {review date}</li> <li>2. Number of NSF checks issued by the School for payment of payroll liabilities and current payrolls from June 30 to the review date: {number}</li> <li>3. Amount of NSF checks issued by the School for payment of payroll liabilities and current payrolls from June 30 to the review date: \${amount}</li> </ol> <p><i>If the School had NSF checks add the following bullet points:</i></p> <ol style="list-style-type: none"> <li>4. Amount of the NSF checks that were not made good by the School: \${amount}</li> <li>5. Amount that were made good but not by the required date: \${amount}</li> </ol>
<p>H. Determined if the School was current with the Department of Workforce Development (DWD) payments, including unemployment insurance, wage claims, 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.</p>	<p>The School {was/was not} current with the DWD payments as of the review date.</p> <p><i>If the School was not current or had any outstanding wage claims with the DWD the School is not in compliance and the following must be inserted, “Determined the following:</i></p> <ol style="list-style-type: none"> <li>1. Review date: {review date}</li> <li>2. Past due principal the School owes the DWD: \${amount of principal past due}</li> <li>3. Interest and penalties the School owes the DWD: \${amount of interest and penalties}</li> <li>4. DWD levies outstanding against the school as of the review date: \${amount including interest and penalties, if none insert 0}</li> <li>5. Unpaid wage claims outstanding as of the review date: \${amount}</li> </ol> <p>The school {has/has not} entered into a payment plan.”</p> <p><i>If the School has entered into a payment plan, add the following:</i></p> <ol style="list-style-type: none"> <li>6. 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}</li> <li>7. The School {was/was not} current with the DWD payment plan as of the review</li> </ol>

	<p>date.</p> <p>8. Total amount to be repaid to employees for unpaid wage claims per payment agreements the School has entered into: \${total amount to be repaid including interest and penalties}</p> <p>9. The School {was/was not} current with the unpaid wage claims payment plan as of the review date.”</p>
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4B. **Employee Education Requirements [Wis. Stat. 119.23 (2) (a) 6 & Wis. Stat. 119.23 (7) (b) 3 for MPCP, Wis. Stat. 118.60 (2) (a) 6 c & Wis. Stat. 118.60 (7) (b) 3 for RPCP & WPCP & PI 35.047 (11m)]**

Wis. Stat. 119.23 (2) (a) 6 for MPCP, Wis. Stat. 118.60 (2) (a) 6 for RPCP and WPCP, and PI 35.047 (11m) require that all of the private school’s teachers have 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 or a DPI issued teacher license unless they have obtained a 5-year teacher waiver. Note the deadline for obtaining a teacher waiver for all programs has passed. It also requires that all of the private school’s administrators have at least a bachelor’s degree from an accredited institution of higher education or a DPI issued teacher or administrator license.

Wis. Stat. 119.23 (7) (b) 3 for MPCP and Wis. Stat. 118.60 (7) (b) 3 for RPCP and WPCP require that teacher aides employed by the private school have graduated from high school, been granted a declaration of equivalency of high school graduation, been issued a general educational development certificate of high school equivalency, been granted a high school diploma by the administrator of a home-based private educational program, or have obtained a degree or educational credential higher than the aforementioned.

See Bulletin 05-01 at [http://sms.dpi.wi.gov/sms\\_mpinfbul](http://sms.dpi.wi.gov/sms_mpinfbul) for additional information on the educational requirements.

Administrator is defined as any superintendent, supervising principal, executive director or other person who acts as the administrative head of the private school participating in the program. A school may have multiple individuals who meet the administrator definition. In this case, all individuals identified must meet the educational requirement. Teacher is defined under current law as a person who has primary responsibility for the academic instruction of pupils.

A determination must be made that **ALL** of the school’s administrators, teachers, and teacher aides meet the requirements.

**Agreed Upon Procedures to Determine Compliance:**

<b>Procedures Performed</b>	<b>Results</b>
<p>A. 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:</p> <p>1) The administrator had at least a Bachelor 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</p>	<p>{Complies or “The following individual(s) did not meet the requirements: {insert the name of the individuals who did not meet the requirements}.”}</p>

<p>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 <a href="http://ope.ed.gov/accreditation/">http://ope.ed.gov/accreditation/</a>.</p> <p>2) 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 <a href="https://elo.wieducatorlicensing.org/datamart/publicSearchMenu.do">https://elo.wieducatorlicensing.org/datamart/publicSearchMenu.do</a>.</p> <p>3) The School prepares and trains pupils attending the School in rabbinical studies.</p>	
<p>B. Obtained a list of all employees at the school and their position. 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 qualify as a teacher or teacher aide.</p>	<p>Completed</p> <p><i>Note: All procedures are required. If you aren't able to complete the procedure, please contact DPI for proper reporting.</i></p>
<p>C. Determined if the School has documentation showing that all classroom teachers, including substitute teachers, met one of the following:</p> <p>1) The teacher had a Bachelor 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 <a href="http://ope.ed.gov/accreditation/">http://ope.ed.gov/accreditation/</a>.</p> <p>2) The School had a teacher waiver on file and a letter accepting the waiver from the DPI. Ensured the School has an updated DPI form PI-MPCP-56 (MPCP), PI-RPCP-01 (RPCP), or PI-WPCP-110 (WPCP) in the file indicating the current completion plan.</p> <p>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 <a href="https://elo.wieducatorlicensing.org/datamart/publicSearchMenu.do">https://elo.wieducatorlicensing.org/datamart/publicSearchMenu.do</a>.</p> <p>4) The teacher only teaches courses in rabbinical studies and is therefore not required to meet the bachelor's degree requirement for teachers.</p>	<p>{Complies or "The following individual(s) did not meet the requirements: {insert the name of the individuals who did not meet the requirements}."} }</p>



<p>D. Determined if the School has documentation showing that all teacher aides met one of the following:</p> <ol style="list-style-type: none"> <li>1) The teacher's 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.</li> <li>2) The teacher's aide had a general educational development (GED) evidenced by a copy of a GED.</li> <li>3) The teacher's aide had a high school equivalency diploma (HSED) evidenced by a copy of a HSED.</li> <li>4) The teacher's 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's aide received a degree.</li> <li>5) The teacher's 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.</li> </ol>	<p>{Complies or "The following individual(s) did not meet the requirements: {insert the name of the individuals who did not meet the requirements}."} }</p>
<p>E. Reviewed the listing of the School's subcontractors and determined that those who met the definition of an administrator, teacher, or teacher aide meet the requirements in A, C, or D, as applicable.</p>	<p>{Complies or "The following individual(s) did not meet the requirements: {insert the name of the individuals who did not meet the requirements} for a {administrator/teacher/teacher aide}."} }</p>

**5. Financial Internal Control System Requirements [PI 35.047 (5)]**

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

- Depositing all receipts and paying all disbursements made from a depository account or accounts maintained solely for the private school's purposes, unless the operating organization's financial accounting system provides for separate identification of the school's Choice revenue and expenditure transactions. The depository account or accounts used by the private school or those used by its operating organization for school purposes must be located within the state of Wisconsin.
- Maintaining documentation as to the nature and source of all cash receipts.
- The school shall maintain a record of the date of deposit for all payments received for Choice pupils.
- Using pre-numbered checks for all disbursements, except those from a petty cash fund.

- Maintaining on file original invoices and payment requests supporting disbursements.
- Use of internal control practices recommended in previous fiscal practices reports.

**Agreed Upon Procedures to Determine Compliance:**

<b>Procedures Performed</b>	<b>Results</b>
<p>A. Examined the School's accounting records and bank statements provided by School management to identify depository accounts used for School purposes.</p> <p>For all identified depository accounts used by the School or used by the School's operating organization for school related transactions determined if:</p> <ul style="list-style-type: none"> <li>• The accounts are located in the state of Wisconsin.</li> <li>• The accounts were only used for School purposes unless they were in the name of the School's operating organization.</li> <li>• 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 provides for separate identification of the School's revenue and expenditure transactions.</li> </ul>	<p>{Complies or insert explanation of non compliance}</p>
<p>B. Examined supporting documentation for a representative selection of non-Choice receipts to determine if the nature and source of the receipt is identified.</p> <p>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.</p> <p>Reconciled the report where the selections were made to the general ledger.</p> <p>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.</p>	<p>Determined the following:</p> <ul style="list-style-type: none"> <li>• Percent of non-Choice cash receipts to total receipts: {percentage}%</li> <li>• If the percent of non-Choice cash receipts to total receipts is more than 15%, frequency of non-Choice cash receipts: {N/A/weekly/more than weekly}</li> <li>• Number of non-Choice cash receipts examined: {number}</li> <li>• Report where selections were made from: {name/description of report}</li> </ul> <p>Reconciled the report to the general ledger, and determined that the nature and source of the receipt {was identified and the school was in compliance/was not identified and the school was not in compliance}.</p>
<p>C. Determined that the School maintained a record of the date of deposit for all checks received for Choice pupils.</p>	<p>{Complies or insert explanation of non compliance}</p>

<p>D. 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. The selections were made from the A/P register from July 1, 2015 through the review date.</p> <p>For each selected disbursement determined the following:</p> <ul style="list-style-type: none"> <li>• If checks are used, determined if the disbursement was made using pre-numbered check.</li> <li>• Determined if the disbursements were supported by original invoices and payment requests, including replenishment of petty cash funds.</li> </ul> <p>If any disbursements did not meet the requirements, selected an additional 5 or 25 disbursements, as required above, for each disbursement identified that did not comply with the requirements.</p>	<p>Determined the following:</p> <ol style="list-style-type: none"> <li>1. Review date: {review date}</li> <li>2. Frequency of non-petty cash disbursements made from July 1, 2015 to the review date: {weekly/more than weekly}</li> <li>3. Number of examined disbursements: {number}</li> <li>4. Pre-numbered checks were used for disbursements made by check: {insert yes or no}</li> <li>5. Disbursements were supported by original invoices or payment requests: {insert yes or no}</li> </ol>
<p>E. Reviewed the prior year fiscal practices report and determined the implementation status of any recommendations contained within.</p>	<p>{Completed or Not applicable since the school is new to the Choice program in the 2015-16 school year.}</p>
<p>F. Determined if additional internal control practices should be implemented by the School.</p>	<p>{Identify internal control practice recommendations considered appropriate for the School. If none are identified, insert "None."}</p>

6. **Government Agency Filing Requirements [PI 35.047 (6)]**

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

- Filing and withholding payment requirements of the federal Internal Revenue Service. If the school or its operating organization is required to file IRS form 990 or form 990-EZ, a copy of the return available for public inspection must be provided to the DPI within 30 days of filing.
- Filing and withholding payment requirements of the Wisconsin Department of Revenue.
- Filing requirements of the Wisconsin Department of Workforce Development.
- Filing requirements of the Wisconsin Department of Financial Institutions.
- Filing requirements of the Wisconsin Department of Safety and Professional Services.
- Auditing requirements of federal, state, and local government agencies. The school must provide the Department of Public Instruction 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
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<p>A. Examined the School's general ledger, payroll records, and federal and state withholding payment reports to determine if the School was current with the withholding payment requirements of the IRS, excluding amounts owed that have a current payment plan.</p>	<p>The School {was/was not} current with the withholding payment requirements of the IRS.</p> <p><i>If not current with the withholding payments the School is not in compliance and the following must be inserted, "Determined the School has \${total amount past due per the IRS, excluding amounts that have a current payment plan} of withholding payments and \${total amount per the IRS, excluding amounts that have a current payment plan} of interest and penalties past due."</i></p>
<p>B. Determined if the School was current with the filing requirements of the IRS.</p>	<p>The School {was/was not} current with the filing requirements of the IRS.</p>
<p>C. Determined if the School was current with the withholding payment requirements of the DOR, excluding amounts owed that have a current payment plan.</p>	<p>The School {was/was not} current with the withholding payment requirements of the DOR, excluding amounts owed that have a current payment plan.</p> <p><i>If not current with the withholding payments the School is not in compliance and the following must be inserted, "Determined the School has \${total amount past due per the DOR, excluding amounts that have a current payment plan} of withholding payments and \${total amount per the DOR, excluding amounts that have a current payment plan} of interest and penalties past due."</i></p>
<p>D. Determined if the School was current with the filing requirements of the DOR.</p>	<p>The School {was/was not} current with the filing requirements of the DOR.</p>
<p>E. Determined if the school was required to pay unemployment insurance to the DWD. If so, determined if the School was current with the filing requirements of the DWD.</p>	<p><i>If the school is required to pay unemployment insurance to the DWD insert, "The School {was/was not} current with the filing requirements of the DWD, if applicable."</i></p> <p><i>If the school is not required to pay unemployment insurance to the DWD insert, "The school is not required to pay unemployment insurance to the DWD and therefore does not have any filing requirements with the DWD."</i></p>
<p>F. Determined if the School was required to file a 990. If so, ensured DPI was provided with a copy of form 990 or 990-EZ within 30 days of filing of any 990s filed since the last Fiscal &amp; Internal Control Practices Report. If the School was exempt from the 990 filing requirements confirmed the school is exempt and determined the organization the school is exempt through.</p>	<p>The School {was/was not} required to file 990 documents.</p> <p><i>Determine which of the following is applicable to the school and delete the procedure that is not applicable.</i></p> <p><i>If the school is required to file the documents insert, "Determined that DPI {was/was not} provided a copy of form 990 or 990-EZ within 30 days of filing any 990s filed since the last Fiscal &amp; Internal Control Practices Report."</i></p> <p><i>If the School is exempt from the 990 filing requirement insert, "The School is exempt from</i></p>

	the 990 requirement because it is organized under {name of operating organization}, which is organized as a church with the IRS.”
<p>G. Determined if the school is required to meet the filing requirements of the Wisconsin Department of Financial Institutions (DFI).</p> <p>If the school 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 <a href="https://www.wdfi.org/apps/CorpSearch/Search.aspx">https://www.wdfi.org/apps/CorpSearch/Search.aspx</a> to determine if the School has a status of being in good standing.</p> <p>If the School/operating organization was not required to be listed determined the reason they were exempt and confirmed the School was properly exempt.</p>	<p>The school {was/was not} required to meet the filing requirements of the DFI.</p> <p><i>Determine which of the following is applicable to the school and delete the procedure that is not applicable.</i></p> <p><i>If the school was required to meet the filing requirements insert, “Determined that the School {was/was not} current with the filing requirements of the DFI.</i></p> <p><i>If the School/operating organization was not required to be listed insert, “The operating organization was exempt from the DFI requirements due to {insert the reason exempt}.”</i></p>
<p>H. Examined the School’s copy of the “Private School Report” (PI-1207) filed with the DPI through an online survey for the current school year and determined if the School is exempt from registration as a charitable organization with the Wisconsin Department of Safety and Professional Services because it meets all statutory criteria of a private school, as defined in Wis. Stats.118.165.</p>	<p>{Complies or insert explanation of non compliance}</p>
<p>I. 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.</p> <p>If the school received other funding determined if:</p> <ul style="list-style-type: none"> <li>• The School met the auditing requirements for such funding.</li> <li>• 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.</li> </ul>	<p>Determined the School {received/did not receive} funding in the past school year from federal, state and local government agencies other than the DPI.</p> <p><i>If such funding was received insert, {“The School complies with the requirements.” or provide an explanation of how the School does not comply.}</i></p>

**7. Liability Insurance Requirements [35.047 (7)]**

The school must have worker’s compensation coverage and liability coverage for acts or omissions of the school’s owners, directors or employees. Coverage must be provided by an insurance company licensed to do business in the state of Wisconsin; or by a non-profit, tax exempt mutual protective organization covering risks of schools of, and controlled by, a religious denomination. All coverage shall be on an occurrence form or a claims made basis.

The PI 35 identified minimum coverage amount must be in force unless the amount obtained is based on a written or documented verbal recommendation of a risk or insurance consultant.

<b>Coverage</b>	<b>PI 35 Identified Coverage Amount</b>
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<b>Worker's Compensation Liability Insurance</b>	Amount required by state statute
<b>Commercial General Liability Insurance</b>	
Each Occurrence - Required minimum	\$1,000,000
Personal Injury - Required minimum	\$1,000,000
<b>Umbrella Excess Liability Insurance - Aggregate Limit</b>	\$5,000,000
<b>Auto Liability Insurance - Each Accident</b>	\$1,000,000
<b>Errors and Omissions Liability for School Leaders - Aggregate Limit</b>  Directors and officers insurance will be accepted as meeting this requirement, if the policy provides coverage commonly found in a school leaders errors and omissions liability policy for the school, its officers, and governing board <b>and employees</b> 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.	\$1,000,000
<b>Sexual Misconduct Liability - Aggregate Limit</b>	\$1,000,000

As with all the required insurance types, all schools are required to have auto liability insurance. If a school does not own any vehicles they may obtain a "non-owned autos" policy.

**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.*

<b>Procedures Performed</b>	<b>Results</b>
A. <b>Worker's Compensation Liability Insurance:</b> 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}
B. <b>Commercial General Liability Insurance:</b> 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 or documented verbal recommendation of a risk or insurance consultant.	{Complies or insert explanation of non compliance}
C. <b>Umbrella Excess Liability Insurance:</b> 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 or documented verbal recommendation of a risk or insurance consultant.	{Complies or insert explanation of non compliance}
D. <b>Auto Liability Insurance:</b> Examined the	{Complies or insert explanation of non

<p>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 or documented verbal recommendation of a risk or insurance consultant.</p>	<p>compliance}</p>
<p><b>E. Errors &amp; Omissions Liability Insurance:</b> Examined the certificate of insurance, policies or other written confirmation of insurance coverage and determined if the School complied with the following:</p> <ul style="list-style-type: none"> <li>• The policy had an aggregate limit of \$1,000,000 unless the amount obtained is based on a written or documented verbal 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.</li> <li>• 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 <b>and employees</b> 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.</li> </ul>	<p>{Complies or insert explanation of non compliance}</p>
<p><b>F. Sexual Misconduct Liability:</b> 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 or documented verbal 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.</p>	<p>{Complies or insert explanation of non compliance}</p>
<p><b>G.</b> 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.</p>	<p>{Insert Insurance Company, Agent Name, and Agent Phone Number for each insurance}</p>
<p><b>H.</b> Examined payments for coverage and</p>	<p>{Complies or insert explanation of non</p>

determined if the School is current with payments.	compliance}
I. 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 explanation of non compliance}
J. 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 insert explanation of non compliance}

8. **School Bus Requirements [PI 35.047 (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 Inspection procedures.**

(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.

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 if 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 s. 349.24 when used to transport pupils.

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

<b>Procedures Performed</b>	<b>Results</b>
A. Determined if the School was operating buses.	Determined the School {was/was not} operating buses.
B. 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.	{Not applicable, Complies, or insert explanation of non compliance}
C. 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.	{Not applicable, Complies, or insert explanation of non compliance}
D. If the school was operating buses, examined the school bus inspection report and determined if an inspection had been completed within the last 12 months. Also determined if the bus passed inspection.	{Not applicable, Complies, or insert explanation of non compliance}
E. Determined if the School was contracting school buses from a party other than a Wisconsin school district.	Determined the School {was/was not} contracting school buses from a party other than a Wisconsin school district.
F. 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 school bus operator and determined if the insurance coverage met the requirements.	{Not applicable, Complies, or insert explanation of non compliance}

**9. Alternative Vehicle Pupil Transportation Requirements [PI 35.047 (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.
    - 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:**

<b>Procedures Performed</b>	<b>Results</b>
A. Determined if the School owns pupil transportation vehicles other than school buses.	Determined the School {does/does not} own pupil transportation vehicles other than school buses.
B. 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.	{Not applicable, Complies, or insert explanation of non compliance}
C. 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.	{Not applicable, Complies, or insert explanation of non compliance}
D. Determined if the School contracted pupil transportation vehicles from a party other than a Wisconsin school district.	Determined the School {does/does not} contract pupil transportation vehicles from a party other than a Wisconsin school district.
E. 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.	{Not applicable, Complies, or insert explanation of non compliance}
F. If the School contracted pupil transportation vehicles from a party other than a Wisconsin school district, examined documentation showing if pupil transportation vehicles were inspected in compliance with state requirements. Also determined if the vehicle passed inspection.	{Not applicable, Complies, or insert explanation of non compliance}
G. 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 on the vehicles, and determined if the number of the pupils transported was the lesser of 9 passengers or the vehicle's stated capacity.	{Not applicable, Complies, or insert explanation of non compliance}
H. If the school owns an alternative vehicle or contracted pupil transportation vehicles from a party other than a Wisconsin school district, reviewed the DPI informational paper regarding "Alternative Vehicle Drivers" available at <a href="http://sms.dpi.wi.gov/files/sms/doc/altvehfs.doc">http://sms.dpi.wi.gov/files/sms/doc/altvehfs.doc</a> and the FAQ at <a href="http://sms.dpi.wi.gov/files/sms/doc/act280qa.doc">http://sms.dpi.wi.gov/files/sms/doc/act280qa.doc</a> .	{Not applicable/Completed}
I. If the school owns an alternative vehicle or contracted pupil transportation vehicles from a party other than a Wisconsin school district, requested a list of drivers of alternative vehicles.  Determined if the "Alternative Vehicle Driver Information Request Form" available at: <a href="http://wisconsindot.gov/documents/dmv/shared/bds105.pdf">http://wisconsindot.gov/documents/dmv/shared/bds105.pdf</a> was completed and if a background check on the driver(s) was/were completed.	{Not applicable, Complies or insert explanation of non compliance}

**10. Risk Management and Insurance Evaluation Requirements [PI 35.047 (10)]:**

The school shall have, at least once every 3 years, a risk management and insurance evaluation by a risk or insurance consultant.

**Agreed Upon Procedure to Determine Compliance:**

<b>Procedures Performed</b>	<b>Results</b>
A. Examined documentation showing if the School had a risk management and insurance evaluation within the last three years.	{Complies or insert explanation of non compliance}

**11. Fidelity Bond Requirement [PI 35.047 (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. The DPI accepts a Crime-Employee Dishonesty policy as meeting this requirement, if the policy provides loss coverage for acts resulting from dishonesty, malfeasance, or neglect by owners, officers or employees.

No dollar amount for the bond is specified by PI 35. The DPI recommends that the school seek professional advice as to the adequate bond or dishonesty policy coverage based on the school's operational risk factors.

**Agreed Upon Procedures to Determine Compliance:**

<b>Procedures Performed</b>	<b>Results</b>
A. 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.	{Complies or insert explanation of non compliance}
B. 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}

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the School's compliance or non-compliance with identified fiscal and internal control practices required by PI 35. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DPI and management of the School and is not intended to be and should not be used by anyone other than these specified parties. However, the Independent Accountant's Report is a matter of public record upon acceptance by the DPI.

{Accounting Firm Name

Date  
City, Wisconsin}