

Chapter RACE 18

SPECIAL PROGRAMS

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RACE 18.01 Application procedures. (1) PROCEDURES. (a) Pursuant to s. 562.07, Stats., the board shall annually distribute such funds as are available under ss. 20.192 (2) (g) and 562.02, Stats., for the purposes enumerated in s. 562.07 (1), Stats. Applicants for such funds shall submit a completed application, containing such information as is required by the board, to the board's office at 150 E. Gilman, Room 1000, Madison, Wisconsin 53703, no later than October 1 of each year.

Note: These application forms may be obtained from the board's office at 150 E. Gilman, Room 1000, Madison, Wisconsin 53703.

(b) Any application not containing all information required by the board shall be deemed incomplete. Any application containing a proposed budget not sufficiently detailed so as to specifically inform the board how all requested funding will be spent shall be deemed to be incomplete. Applications deemed incomplete shall be returned to the applicant, with a written explanation as to how the materials are to be submitted, within thirty days of the board's receipt of the application. No incomplete application shall be considered.

(2) *Eligible entities.* Any private, not for profit entity, or any governmental entity or unit or subdivision thereof, may apply to the board for funds pursuant to s. 562.07, Stats. An applicant shall be considered a not for profit entity if it has a current 501 (c) (3) [26 U.S.C. 501 (c) (3)] internal revenue service ruling or it is a domestic corporation defined by s. 181.02 (4), Stats., which has met all the requirements of ch. 181, Stats.

History: Cr. Register, July, 1990, No. 415, eff. 8-1-90.

RACE 18.02 Funding priorities. No award of funds shall be made for a purpose not enumerated in s. 562.07, Stats. In considering applications for funds, the board shall consider the following factors in determining whether to award funding; the character, experience and financial integrity of the applicant; the sources of revenue of the applicant; the extent to which there exists a demonstrated unmet need for the proposed program; the extent to which an award of funds would eliminate the unmet need; commitment and ability of the applicant to provide the services described in the application; and the extent to which an award of funds would result in the provision of goods or services or both directly to those identified by the applicant as needing the goods or services or both.

Note: An example of the last requirement would be funding the salary of a canine nutrition researcher as opposed to retirement of existing debt or leasing of office equipment.

History: Cr. Register, July, 1990, No. 415, eff. 8-1-90.

RACE 18.03 Award of funds. No later than December 31 of each year, the board shall inform all applicants of the decision made relative to their applications and shall distribute all those funds awarded. All awards are

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subject to the availability of funds as specified in ss. 20.192 (2) (g), 562.07, Stats.

History: Cr. Register, July, 1990, No. 415, eff. 8-1-90.

RACE 18.04 Use of funds. (1) All funds awarded by the board must be used as set forth in the application which served as the basis for the award. The recipient of funds shall not change, modify, revise, alter, amend, or delete any part of the services it has agreed to provide in the application without first obtaining the written consent for such change, modification, revision, alteration, amendment or deletion from the board.

(2) When, upon request of the recipient, the recipient has demonstrated that, in good faith, it has attempted to comply with the terms specified in the application, but for unforeseen circumstances beyond its control was not able to comply, a modification shall be considered by the board.

Note: An example would be funding provided for a new staff position, but the recipient was not able to locate a qualified candidate to fill the position and has demonstrated an intent to hire a new staff person.

(3) To request a modification the recipient shall:

(a) Notify the board and identify the requested modification;

(b) Submit a written explanation of the circumstances requiring the modification with a new proposed budget itemizing the requested modification for expending board funds;

(4) The explanation shall be reviewed by the board and approved by the board if the requested modification is consistent with the original intent of the recipient's application and services.

(5) Upon approval or denial of the request by the board the recipient shall be so notified.

(6) Failure to meet the requirements of this section shall result in the recipient's disqualification from future funding for a period of time as determined by the board. The board shall consider the amount of funds involved, the ultimate destination of the funds and the recipient's good faith efforts to comply with the requirements of the section.

History: Cr. Register, July, 1990, No. 415, eff. 8-1-90.

RACE 18.05 Accounting requirements. (1) Each recipient shall establish and maintain a formal modified accrual accounting system in accordance with generally accepted accounting principles of the American institute of certified public accountants (AICPA) to include a level of documentation, classification of entries and audit trails sufficient to meet the requirements of this chapter.

(2) All accounting entries shall be supported by source documents, recorded in books of original entry, and posted to a general ledger on a monthly basis.

(3) For programs funded by the board, expenses shall be recorded by specific program. All expenses not funded by the board may be booked in total.

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(4) All fiscal records shall be maintained by the recipient for 5 years after the end of the funding period. In instances involving unresolved issues arising from an audit, pending litigation or unresolved tax issues, records related to the unresolved issues shall be retained until the issues are resolved.

History: Cr. Register, July, 1990, No. 415, eff. 8-1-90.

RACE 18.06 Audits. (1) Each recipient shall have an audit performed at the close of its fiscal year. This audit is to be performed in accordance with generally accepted auditing standards by an independent certified public accountant registered by the state of Wisconsin. The resulting audit report is to be prepared in accordance with the American institute of certified public accountants (AICPA) industry audit guide. The report shall contain the basic financial statements presenting the financial position of the agency, the results of its operations, and changes in fund balances. The report shall also contain the auditor's opinion regarding the financial statements taken as a whole, or an assertion to the effect that an opinion cannot be expressed. If the auditor expresses a qualified opinion, a disclaimer of opinion, or an adverse opinion, the reason therefor shall be stated.

(2) The latest audit report shall be filed with the board within 120 days of the end of the recipient's fiscal year.

(3) A request for an extension of time to file an audit report shall be submitted in writing 60 days prior to the deadline for filing the audit report. This request shall be approved or disapproved within 30 days of the deadline for filing the audit report. Requests are to be directed in writing to the board.

(4) A request for an extension of time to file an audit report shall only be granted when the auditor submits a signed statement certifying that the audit cannot be completed in the designated time due to circumstances beyond the control of the auditor and the recipient. The auditor's statement shall also detail the circumstances which form the basis for this request. No extension shall be for a period greater than 30 days.

(5) Recipients shall also be subject to audit by board personnel to determine whether the funds awarded by the board are being used in accordance with proposed budget contained in the application. A recipient may request the board waive the requirement of sub. (1) and be audited solely by board personnel due to the recipient's financial inability to comply. This request shall be made with the application for funds, and shall be granted or denied by the board contemporaneous with the award of funds.

(6) The following supplementary financial information for each fiscal year must be included in the audit reports:

(a) A schedule of income by source shall be provided. Individual sources of income shall not be combined. For example: funds received from several state or federal agencies should not be combined into one classification such as "state of Wisconsin" or "federal government."

(b) A schedule of operating expenses by program shall be provided. The term "operating fund" includes all funds a recipient may have in its accounting records except those in a capital fund or contingency reserve. The certified public accountant shall record the expenses by program.

The resulting statement shall include funded and unfunded programs alike. It shall include an allocation of administrative expenses and overhead costs to the various programs as specified in the proposed budget. The certified public accountant shall clearly establish his or her position regarding the reliability of the supplementary financial information presented in the schedules of income by source and expenses by program-operating fund, in addition to rendering an opinion concerning the financial statements as a whole. This shall be done either by extending the overall opinion on the financial statements or by means of a supplementary opinion. If the independent auditor determines that the additional procedures necessary to permit a supplementary opinion to be rendered on the schedule of operating expenses would materially increase the audit time, the auditor may, alternatively, state the most likely source of the necessary information and the extent of the examination and responsibility he or she assumed, in the manner of a disclaimer, to call attention in the statement to any questions he or she may have as to the quantity, source, or destination of the recipient's operation funds. The independent auditor shall communicate in written form any material weakness in the recipient's internal controls when it impacts on the board's funding. Copies of these communications shall be forwarded to the board with the audit report.

History: Cr. Register, July, 1990, No. 415, eff. 8-1-90.