



**Arizona State Board for Charter Schools**

**Legal Compliance Questionnaire**

**Charter School** \_\_\_\_\_

**Fiscal Year Ended** \_\_\_\_\_

**Table of Contents**

<b><u>Topic</u></b>	<b><u>Page</u></b>
INSTRUCTIONS .....	2
PERSONNEL .....	4
REQUIRED FILINGS.....	5
SPECIAL EDUCATION .....	5
CLASSROOM SITE FUND .....	5
STUDENT ATTENDANCE REPORTING.....	6
OPEN MEETING LAW .....	11
INSURANCE REQUIREMENTS .....	11
TUITION .....	11
RECORDS MANAGEMENT.....	12
SIGNATURE PAGE.....	12

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## INSTRUCTIONS

**NOTE:** This questionnaire should only be used for schools that are exempt from the Uniform System of Financial Records for Arizona Charter Schools (schools that HAVE an exception). If a school is subject to procurement requirements pursuant to A.R.S. §15-189.02 and 41-2535(A), this questionnaire should be used in conjunction with the Procurement Questionnaire (see audit guidelines memo dated \_\_\_\_\_) which is available on the Arizona State Board for Charter Schools' website <http://asbcs.az.gov>.

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In order to determine whether a charter school that is exempt from the requirements of the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) is complying with applicable legal requirements, the auditors must complete the following Legal Compliance Questionnaire (Note: This questionnaire is not comprehensive of all legal requirements for charter schools. As such, this document should not be the sole reference to determine all laws and regulations that are applicable to charter schools).

The following prescribed minimum audit standards for completing the Legal Compliance Questionnaire must be used in all audits. The State Board for Charter Schools may reject audits not meeting these standards.

◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the school complies with the legal requirements, and the evidence must be documented in the working papers.

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◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers to the questionnaire.

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◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.

◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.

◆ The sample size should be expanded if the auditor cannot clearly determine whether the school complies with the legal requirements on that question.

◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.

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◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Findings must be described in sufficient detail to enable the State Board for Charter Schools to describe the finding in a letter. The description should include the number of items tested and the number of exceptions noted.

◆ A “Yes” answer indicates that the auditor has determined that the school complies with the legal requirements of the question and a “No” answer indicates the school does not comply. However, the final determination of compliance on each question, as well as overall compliance with legal requirements, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, the auditor’s working papers, and any other sources.

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| The resulting audit working papers supporting auditors’ answers to the Legal Compliance Questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, auditors may wish to include in the working papers a copy of the Questionnaire containing references to audit procedures performed for each question.

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## Legal Compliance Questionnaire

Questions/Subject Area	Yes/No	Comments
<b>Personnel</b>		
1. Did the school have fingerprint clearance cards (FCC) for 100% of the required personnel as of the testing date? <b>A.R.S. §15-183 (C)(4)</b>		
(QUESTIONS #2a THROUGH 2c ONLY APPLY TO NEW HIRES AND DO NOT APPLY IF AN INDIVIDUAL'S FCC HAS EXPIRED.)		
2. For each individual referenced in #1 that did not have a FCC, please provide the following information (provide supplemental pages, if necessary) (See agency guidance available on the Board's website prior to completing these questions):		
a. Was an application for a FCC on file with the Department of Public Safety (DPS) as of the testing date?		
b. Did DPS receive the application prior to the hire date?		
c. Prior to placement, did the school do all of the following?		
i) Document the necessity for hiring/placing the individual prior to receiving a FCC?		
ii) Obtain statewide criminal history information on the individual as required by <b>Laws 2005, Chapter 21</b> ?		
iii) Obtain references from the applicant's current and previous employers as required by <b>Laws 2005, Chapter 21</b> ?		
3. Did the charter school maintain up-to-date fingerprints of all governing board members as of the testing date? <b>Charter Contract<sup>1</sup></b>		
4. Were all other personnel fingerprint checked as of the testing date? <b>A.R.S. §15-183 (C)(4); A.R.S. §15-512</b>		
5. Did the charter school inform the parents and guardians of pupils enrolled in the school of the availability of resume information for all employees who provide instruction to pupils? <b>A.R.S. §15-183 (F)</b>		

<sup>1</sup> Specific contract cites could not be provided as term references vary per contract year.

	Yes/No	Comments
<b>Required Filings</b>		
1. Is the school in good standing with the following regulatory bodies:		
a. Internal Revenue Service for payroll taxes, income taxes (if applicable) and required tax forms? ( <b>26 U.S.C. §3402</b> )		
b. Corporation Commission (annual report)? ( <b>Charter Contract</b> )		
c. Arizona Department of Revenue for payroll taxes, state income taxes (if applicable) and applicable tax forms? ( <b>A.R.S. §43-401 and §43-1111</b> )		
d. State unemployment contribution requirements? ( <b>A.R.S. § 23-721 et seq</b> )		
2. Was a copy of the adopted budget signed by a majority of the Governing Board members and filed with the Superintendent of Public Instruction by July 18? <b>A.R.S. §15-905 (B) and (E) and §15-183 (E)(6)</b>		
3. Was the Annual Financial Report (AFR) sent to the Superintendent of Public Instruction by October 15 <sup>th</sup> ? <b>A.R.S. §15-183 (E) (6) and 15-904 (A)</b>		
<b>Special Education</b>		
1. Is the staff the school uses to provide special education services (internal or contracted) certified in special education?		
2. Does the school conduct 45 day screening on all new students? <b>AAC R7-2-401</b>		
3. Are evaluations and IEP's on file for special education students? <b>34 CFR 300.341-350 and 300.531-536</b>		
<b>Classroom Site Fund - A.R.S. §15-977 &amp; OAG Memorandum #44</b>		
1. Did the School properly allocate Classroom Site Fund receipts among the following projects: 1011 – Base Salary (20%), 1012 – Performance Pay (40%), and 1013 – Other (40%)?		
2. For Project 1011, were expenses only for teacher base salary increases and employment-related expenses?		
3. For Project 1012, were expenses only for performance-based teacher compensation increases and employment-related expenses?		
4. For Project 1013, were expenses only for class size reduction, teacher compensation increases, AIMS intervention programs, teacher development, dropout prevention programs, and teacher liability insurance premiums?		
5. Did the School use Classroom Site monies to supplement rather than supplant, existing funding from all other sources?(See USFRCS Memorandum No. 44 for guidance for Classroom Site Projects.)		

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6. If the School had monies remaining at year-end, were they properly carried forward in the three Classroom Site Projects (1011, 1012, and 1013) to help ensure that the restrictions placed on the original allocation of revenues is applied in future years?		
7. Did the School have sufficient cash at year- end to cover the carry over monies?		
<b>Student Attendance Reporting</b>		
<b>If test work performed in questions 3-16 and 19 of this section discloses a net overstatement or understatement of membership and/or absence days, report the net overstatement or understatement in the “Comments” column.</b>		
	Yes/No	Comments
1. Was school in session for at least 180 days or 144 days for schools operating on a 4-day week, or did the governing board adopt a calendar with an equivalent number of minutes of instruction per school year based on a different number of days of instruction and were membership and attendance recorded for each day school was in session? A.R.S. §§15-902 (H), (I), and (J) and 15-341.01.		
2. Did the School ensure that: (Note: Instruction hours do not include periods of the day in which an instructional program or course of study is not being offered, including, but not limited to, lunch, recesses, home room periods, study hall periods, and early release or late start hours. <i>ADE's School Finance Procedures Manual</i> )		
a. Kindergarten was in session for at least 356 hours? A.R.S. §15-901(A)(2).		
b. Grades 1 through 3 were in session for at least 712 hours? A.R.S. §15-901(A)(2).		
c. Grades 4 through 6 were in session for at least 890 hours? A.R.S. §15-901(A)(2).		
d. Grades 7 and 8 were in session for at least 1,068 hours <u>for fiscal year 2010 (1,000 hours for FY 2011 and thereafter)?</u> A.R.S. §15-901(A)(2).		
e. For high school, a full-time instructional program meets at least 720 hours during the minimum number of days required? A.R.S. §15-901(A)(2).		
f. <u>For high school, a full-time instructional program includes at least four subjects, each of which</u> if taught each school day for the minimum number of days required in a school year, would meet a minimum of 123 hours a year; <u>or any number of subjects totaling at least 20 hours per week, prorated for any week with fewer than 5 school days?</u> A.R.S. §15-901(A)(2).		

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<p>For Student Attendance Reporting questions 3-16, the audit firm must select and test the specified number of transactions (records, entries, withdrawals, or days) as shown in the sample size instructions before each section. That sample should include 3 or more grade levels and <u>3 or more</u> campuses, where applicable. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed. <u>All student attendance records tested in steps 3-10 and 16 should be selected from the 100<sup>th</sup> day reporting period.</u></p> <p>In the parentheses provided in questions 3-16, indicate the actual number of transactions tested. If all transactions were tested, indicate such in the “Comments” column.</p> <p>For questions 3-5 select at least 3 student attendance records.</p>										
<p>3. If the School had an early (pre-)kindergarten program, based upon review of (___) early (pre-) kindergarten students’ attendance records, did the School only calculate and submit ADM data to ADE for this program if the program was designed to advance students to the first grade at the end of the of the school year? <u>A.R.S. §15-901(A)(2)(a)(i) and USFRCS Memorandum No. 33.</u></p>										
<p>4. Based upon review of (___) students’ attendance records in kindergarten programs with instructional time between <u>356</u> and 692 hours a year, were students not in attendance for at least three-quarters of the day counted as being absent? If the instructional time for the year was 692 hours or more, were students not in attendance at least one-half of the day counted as being absent? <u>A.R.S. §§15-901(A)(2)(a)(i) and 15-901(A)(6)(a)(i).</u></p>										
<p>5. If the School had an early first grade program, based upon review of (___) early first grade students’ attendance records, did the School calculate and submit ADM for this program as it would for kindergarten in accordance with ADE’s <a href="#">School Finance Procedures Manual</a>? <u>A.R.S. §15-901(A)(2)(b)(i).</u></p>										
<p>For questions 6 and 7, use the following sample sizes:</p>										
<table border="1"> <thead> <tr> <th style="text-align: center;"><u>SCHOOLWIDE ADM</u></th> <th style="text-align: center;"><u>Student Attendance Records</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">&lt;1,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">1,000-5,000</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">&gt;5,000</td> <td style="text-align: center;">15</td> </tr> </tbody> </table>	<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>	<1,000	5	1,000-5,000	10	>5,000	15		
<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>									
<1,000	5									
1,000-5,000	10									
>5,000	15									

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<p>6. Based on review of (____) students' attendance records at elementary and junior high schools, in which attendance was based on half days, were students in attendance for less than one-half the day counted as being absent for one full day? Were students in attendance for at least one-half day, but less than three-quarters of a day, counted as being absent for one-half day? Were students in attendance for at least three-quarters of a day counted in attendance for a day? <b>A.R.S. §15-901(A)(6)(b)(ii).</b></p>										
<p>7. Based upon review of (____) students' attendance records at elementary and junior high schools where attendance was based on quarter days, were students in attendance for more than three-quarters of the day counted in attendance for a day? Were students in attendance for three-quarters of the day or less counted <u>in attendance</u> for each quarter of the day in attendance? <b>A.R.S. §15-901(A)(6)(b)(i).</b></p>										
<p><b>For questions 8 through 12, use the following sample sizes:</b></p>										
<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><b>SCHOOLWIDE ADM</b></th> <th style="text-align: center;"><b>Student Attendance Records</b></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>&lt;1,000</b></td> <td style="text-align: center;"><b>3</b></td> </tr> <tr> <td style="text-align: center;"><b>1,000-5,000</b></td> <td style="text-align: center;"><b>5</b></td> </tr> <tr> <td style="text-align: center;"><b>&gt;5,000</b></td> <td style="text-align: center;"><b>7</b></td> </tr> </tbody> </table> <p>8. Based upon review of the attendance records for <u>a 1 month period</u> for (____) students whose attendance was reported in minutes, did the School report minutes of attendance only for actual classroom instruction attended by the students in accordance with ADE's <a href="#">School Finance Procedures Manual</a>?</p>	<b>SCHOOLWIDE ADM</b>	<b>Student Attendance Records</b>	<b>&lt;1,000</b>	<b>3</b>	<b>1,000-5,000</b>	<b>5</b>	<b>&gt;5,000</b>	<b>7</b>		
<b>SCHOOLWIDE ADM</b>	<b>Student Attendance Records</b>									
<b>&lt;1,000</b>	<b>3</b>									
<b>1,000-5,000</b>	<b>5</b>									
<b>&gt;5,000</b>	<b>7</b>									
<p>9. Based upon review of (____) high school students' <u>records</u> whose attendance was reported in terms of absences, <u>for all absence days reported in a 1 month period</u>, did the School report the absences in accordance with the <u>method(s)</u> provided in ADE's <a href="#">School Finance Procedures Manual</a>?</p>										
<p>10. Based upon review of (____) high school students' attendance records, did the School prorate the membership of the high school students enrolled in less than four subjects as provided in ADE's <a href="#">School Finance Procedures Manual</a>?</p>										

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<p>11. For schools offering an <u>Arizona Online Instruction (AOI) Program</u>, based upon a review of (____) <u>AOI students'</u> attendance records for 4 weeks:</p> <p>a. Was the guardian-approved <u>or School computer-generated</u> daily log describing the amount of time spent by the student on academic tasks maintained by the participating <u>AOI School? A.R.S. §15-808(E)</u></p>										
<p>b. Did the hours reported to ADE agree to the guardian-approved <u>or School computer-generated</u> daily log?</p>										
<p>12. Based upon review of (____) students' attendance records (all grades) for students withdrawn for having 10 consecutive unexcused absences, was the student only counted in membership through the last day of actual attendance? <u>A.R.S. §15-901(A)(2)</u>.</p>										
<p><b>For questions 13 through 15, use the following sample sizes:</b></p>										
<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="border-bottom: 3px double black;">SCHOOLWIDE ADM</th> <th style="border-bottom: 3px double black;">Entries/Withdrawals</th> </tr> </thead> <tbody> <tr> <td>&lt;1,000</td> <td>5</td> </tr> <tr> <td>1,000-5,000</td> <td>10</td> </tr> <tr> <td>&gt;5,000</td> <td>15</td> </tr> </tbody> </table>	SCHOOLWIDE ADM	Entries/Withdrawals	<1,000	5	1,000-5,000	10	>5,000	15		
SCHOOLWIDE ADM	Entries/Withdrawals									
<1,000	5									
1,000-5,000	10									
>5,000	15									
<p>13. Based upon review of (____) entries: (<b>Note:</b> Enrollment forms are not required for continuing students at the same school.)</p>										
<p>a. Were the entry dates entered into the School's computerized attendance system within 5 working days after the actual date of entry <u>and was documentation maintained to support the date of data entry?</u></p>										
<p>b. Did the entry date in the computerized attendance system agree to the entry form?</p>										
<p>c. Did the teacher's attendance registers, if used, and other documentation support the entry date in the computerized attendance system?</p>										
<p>d. Did membership for continuing/pre-enrolled students begin with either the first day of actual attendance or the first day that classroom instruction was offered, provided that the students actually attended within the first 10 days of school? For all other students, membership begins with the first day of actual attendance. <u>ADE's School Finance</u></p>										

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14. Based upon review of (\_\_\_\_) withdrawals:

a. Were the withdrawal dates entered into the School's computerized attendance system within 5 working days after the actual date of withdrawal and was documentation maintained to support the date of data entry? (Note: "Day of withdrawal" means: a.) the later of the student's withdrawal date or the day the school is notified the student will not be returning; or b.) the 10<sup>th</sup> day of non-attendance for students withdrawn for having ten consecutive unexcused absences.)

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b. Did the withdrawal date in the attendance system agree to the withdrawal form? (Note: If the computerized attendance system requires the school to input the first day of non-attendance for a student to be counted in membership through the last day of actual attendance, the withdrawal date on the system should be the school day following the withdrawal date on the form.)

c. Did the teachers' attendance registers, if used, and other supporting documentation support the withdrawal date in the computerized attendance system?

d. Was an Official Notice of Pupil Withdrawal form prepared and retained for each withdrawal and signed by a school administrator? A.R.S. §15-827.

15. For schools offering an AOI program, based on a review of (\_\_\_\_) student records were all pupils who participated in AOI residents of this State? A.R.S. §15-808(B).

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Deleted: <#>Based upon review of (\_\_\_\_) entries in kindergarten, were all of these students siblings of students who were enrolled in and attending the TAPBI Program? A.R.S. §15-808(B). ... [1]

For question 16, use the following sample sizes:

SCHOOLWIDE	
ADM	Days
<1,000	3
1,000-5,000	5
>5,000	7

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16. Based upon review of (\_\_\_\_) days for various campuses, grades, and classes in the computerized attendance system, did the student absences from each day agree to the teachers' attendance registers, absence slips, or other supporting documentation, if used?

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17. Did the school have adequate electronic or manual controls in place to ensure that any changes to the original record of student attendance data were properly authorized and documented, including the names <u>or identification numbers</u> of the persons making and authorizing the changes?			Deleted: and/or passwords
18. Was the School's membership/absence information submitted to ADE electronically at least once every 20 school days through the last day of instruction <u>(with the first 20 day period</u> beginning the first session day <u>of school</u> or the opening of SAIS for current fiscal year data submission, whichever is later)? <b>A.R.S. §15-1042(H).</b>			Deleted: , Deleted: G
19. Based upon review of the School's 40 <sup>th</sup> and 100 <sup>th</sup> day information uploaded to ADE, did the membership and absences agree with the School's computerized attendance system records? ( <b>Note:</b> For an <u>AOI</u> program, review year-end <u>attendance</u> information.)			Deleted: TAPBI Deleted: membership and absence
	<b>Yes/No</b>	<b>Comments</b>	
<b>Open Meeting Law A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion I00-009)</b>			
1. Did the school file a disclosure statement with the Secretary of the State identifying where public notices of its meetings will be posted?			
2. Did the school maintain a record of notices that includes a copy of each notice that was posted and information regarding the date, time and place of posting?			
3. Were notices and agenda of public meetings posted at least 24 hours before the meeting?			
4. Were written minutes prepared or a recording made of Governing Body meetings?			
<b>Insurance Requirements A.R.S. §15-183(M)</b>			
Does the school have the required insurance for liability and property loss?			
<b>Tuition A.R.S. §15-185 (B)(7) (See also Attorney General Opinion I98-007)</b>			
Did the school refrain from charging fees that may be considered tuition?			

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<b>Records Management</b>		
1. Did the school retain records in accordance with the Records Retention and Disposition for Arizona School Districts Manual published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)?		
2. Was adequate documentation retained to support amounts in the financial statements (if the school is not the primary reporting entity - was adequate documentation retained to support revenue and expenses in the charter school)?		

This Questionnaire was completed in accordance with the minimum audit standards as set forth in the instructions on pages 2 and 3.

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	Title	
Preparer's <u>Signature</u> ( <u>Audit Firm Representative</u> )		Deleted: CPA

<p>Based upon review of (____) entries in kindergarten, were all of these students siblings of students who were enrolled in and attending the TAPBI Program? <b>A.R.S. §15-808(B)</b>.</p>		
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