



**Arizona State Board for Charter Schools**

**Legal Compliance Questionnaire**

**Charter/CTDS** \_\_\_\_\_

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

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## INSTRUCTIONS

**NOTE: This questionnaire should only be used for charters that are exempt from the Uniform System of Financial Records for Arizona Charter Schools (charters that HAVE an exception). If a charter 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 Compliance Questionnaire (see audit guidelines dated ~~May 13, 2013~~ \_\_\_\_\_) which is available on the Arizona State Board for Charter Schools' website <http://asbcs.az.gov>.**

In order to determine whether a charter 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 in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants. (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 agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Legal Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the legal requirements, and the evidence must be included in the documentation.
- ◆ 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.
- ◆ 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 audit firm cannot clearly determine whether the charter complies with the legal requirements of the question.
- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ 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 audit firm has determined that the charter complies with the legal requirements of the question and a “No” answer indicates the charter 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, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm’s 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, the audit firm may wish to include in the documentation a copy of the questionnaire containing references to procedures performed for each question.

## Legal Compliance Questionnaire<sup>1</sup>

Questions/Subject Area	Yes/No	Comments
<b>Personnel</b>		
1. Did the school have valid fingerprint clearance cards (FCC) for 100% of the required personnel as of the testing date? <b>A.R.S. §15-183 (C)(5) and A.R.S. §15-512(H)</b>		
(QUESTIONS #2a THROUGH 2c ONLY APPLY TO NEW HIRES REQUIRED PURSUANT TO A.R.S. §15-183(C)(5) TO HAVE VALID FCCS AND DO NOT APPLY IF AN INDIVIDUAL'S FCC HAS EXPIRED.)		
2. For each individual referenced in #1 that did not have a valid 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) <b>A.R.S. §15-183(C)(5):</b>		
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?		
iii) Obtain references from the applicant's current and previous employers?		
3. Did the charter school maintain up-to-date fingerprints of all Governing Body members as of the testing date? <b>Charter Contract<sup>2</sup></b>		
4. Were all other personnel fingerprint checked as of the testing date? <b>A.R.S. §15-183 (C)(5) and 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		

<sup>1</sup> For the purposes of this questionnaire, please note that "Governing Body" means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term "Governing Board" means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

<sup>2</sup> Specific contract cites could not be provided as term references vary per contract year.

information for all employees who provide instruction to pupils? <b>A.R.S. §15-183 (F)</b>		
	<b>Yes/No</b>	<b>Comments</b>
<b>Required Filings</b>		
1. Is the school in good standing with the following regulatory bodies:		
a. Internal Revenue Service <b>U.S.C. Title 26</b>		
i. For payroll taxes, income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?		
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 <sup>th</sup> ) is a true statement.		
iii. If the response to 1.a.i, 1.a.ii, or both is “no”, does the school have a payment plan in place with the Internal Revenue Service?		
iv. If the answer to Question 1.a.iii is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 <sup>th</sup> )?		
b. Arizona Department of Revenue <b>A.R.S. §43-401 and §43-1111</b>		
i. For payroll taxes, state income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?		
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 <sup>th</sup> ) is a true statement.		
iii. If the response to 1.b.i, 1.b.ii, or both is “no”, does the school have a payment plan in place with the Arizona Department of Revenue?		
iv. If the answer to Question 1.b.iii is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 <sup>th</sup> )?		
c. Arizona Department of Economic Security <b>A.R.S. § 23-721 et seq.</b>		
i. State unemployment contributions requirements for the audited fiscal year?		
ii. The school did not have any state unemployment contributions payable from a prior year(s) as of audited fiscal year end (June 30 <sup>th</sup> ) is a true statement.		
iii. If the response to 1.c.i, 1.c.ii, or both is “no”, does the school have a payment plan in place with the Arizona Department of Economic Security?		
iv. If the answer to Question 1.c.iii is “yes”, has the school made all of the required payments under the payment		

plan as of audited fiscal year end (June 30 <sup>th</sup> )?		
d. Corporation Commission (e.g., annual report)? <b>Charter Contract</b>		
2. Was a copy of the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18 <sup>th</sup> ? <b>A.R.S. §15-905 (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 screenings on all new students? <b>AAC R7-2-401</b>		
3. Are evaluations and IEPs 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 No. 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 Fund monies to supplement rather than supplant, existing funding from all other sources? (See USFRCS Memorandum No. 44 for guidance on the Classroom Site Fund.)		
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, and what was the Classroom Site Fund <u>cash</u> carryover balance at year-end?		

<b>Student Attendance Reporting</b>		
<p><b>If test work performed in questions 3-15 and 18 of this section discloses a net overstatement or understatement of membership and/or absence days, <u>based on A.R.S. and ADE's membership and attendance guidelines</u>, report the net overstatement or understatement in the "Comments" column next to each applicable question.</b></p>		
	<b>Yes/No</b>	<b>Comments</b>
1. Was school in session for at least 180 days 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? <b>A.R.S. § 15-341.01</b>		
2. Did the school ensure that [A.R.S. §§15-808(I)(1) and 15-901(A)(1)]: (Note: Instructional 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. <b>ADE's School Finance Procedures Manual</b> )		
a. Kindergarten was in session for at least 356 hours or 346 hours for Arizona Online Instruction (AOI) Programs?		
b. Grades 1 through 3 were in session for at least 712 hours?		
c. Grades 4 through 6 were in session for at least 890 hours?		
d. Grades 7 and 8 were in session for at least 1,000 hours or 1,068 hours for AOI Programs?		
e. Grades 9 through 12, other than AOI Programs, were in session at least 720 hours?		
f. Grades 9 through 12, other than AOI Programs, include at least four subjects, each of which 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?		
g. Grades 9 through 12 of AOI Programs include at least four courses throughout the year that meet at least 900 hours during the school year?		
<p><b>For Student Attendance Reporting questions 3-15, 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. These samples should include <u>3</u> or more grade levels and <u>3</u> or more 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. All student attendance records tested in questions 3-15 and 18 should be selected from the 100<sup>th</sup> day reporting period.</b></p> <p><b>In the parentheses provided in questions 3-15, write the actual number of transactions tested. If all transactions were tested, indicate such in the "Comments" column.</b></p>		
<p><b>For questions 3-5 select at least 3 student attendance records.</b></p>		
3. If the school had an early (pre-)kindergarten program, based upon review of (___) early (pre-) kindergarten students'		

<p>attendance records, did the school only calculate and submit membership/absence information for this program if the program was designed to advance students to the first grade at the end of the of the school year? <b>A.R.S. §15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33</b></p>										
<p>4. Based upon review of (____) students' attendance records in kindergarten programs, if the instructional time for the year was between 356 and 692 hours, were students not in attendance for at least three-quarters of the day counted as being absent or, 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? <b>A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i)</b></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 membership/absence information for this program as it would for kindergarten <del>in accordance with ADE's <i>School Finance Procedures Manual</i></del>? <b>A.R.S. §§15-901(A)(1)(b)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33</b></p>										
<p><b>For questions 6 and 7, use the following sample sizes:</b></p>										
<table border="0" style="margin-left: auto; margin-right: auto;"> <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> <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; and 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)(5)(b)(ii)</b></p>	<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									

<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 and students in attendance for three-quarters of the day or less counted in attendance for each quarter of the day in attendance? <b>A.R.S. §15-901(A)(5)(b)(i)</b></p>										
<p><b>For questions 8 through 12, use the following sample sizes:</b></p>										
<table border="0" style="width: 100%; text-align: center;"> <thead> <tr> <th style="border-bottom: 1px solid black;"><b>SCHOOLWIDE ADM</b></th> <th style="border-bottom: 1px solid black;"><b>Student Attendance Records</b></th> </tr> </thead> <tbody> <tr> <td>&lt;1,000</td> <td>3</td> </tr> <tr> <td>1,000-5,000</td> <td>5</td> </tr> <tr> <td>&gt;5,000</td> <td>7</td> </tr> </tbody> </table> <p>8. For schools approved to report minutes of attendance, based upon review of the attendance records for a 1 month period for (____) students whose attendance was reported in minutes, did the school report minutes of attendance only for actual classroom instruction attended by the students <del>in accordance with ADE's <u>School Finance Procedures Manual</u></del>?</p>	<b>SCHOOLWIDE ADM</b>	<b>Student Attendance Records</b>	<1,000	3	1,000-5,000	5	>5,000	7		
<b>SCHOOLWIDE ADM</b>	<b>Student Attendance Records</b>									
<1,000	3									
1,000-5,000	5									
>5,000	7									
<p>9. Based upon review of (____) high school students' attendance records, whose attendance was reported in terms of absences, for all absence days reported in a 1 month period, did the school report absences in accordance with the method(s) provided <del>in by ADE's <u>School Finance Procedures Manual</u></del>?</p>										
<p>10. Based upon review of (____) high school students' attendance records, did the school prorate the membership of the students enrolled in less than four subjects <del>as provided in ADE's <u>School Finance Procedures Manual</u></del>?</p>										
<p>11. For schools offering an AOI Program, based upon a review of (____) AOI students' attendance records for 4 weeks:</p> <p>a. Was the guardian-approved or school computer-generated daily log describing the amount of time spent by the student on academic tasks maintained by the participating AOI School? <b>A.R.S. §15-808(E)</b></p>										

b. Did the hours reported to ADE agree to the guardian-approved or school computer-generated daily log?										
c. Were all students who participated in an AOI Program, residents of this state? <b>A.R.S. §15-808</b>										
12. Based upon review of (____) students' attendance records (all grades) for students withdrawn for having ten consecutive unexcused absences, was the student only counted in membership through the last day of actual attendance or excused absence? <b>A.R.S. §15-901(A)(1)</b>										
<b>For questions 13 and 14, use the following sample sizes:</b>										
<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>Entries/Withdrawals</b></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>&lt;1,000</b></td> <td style="text-align: center;"><b>5</b></td> </tr> <tr> <td style="text-align: center;"><b>1,000-5,000</b></td> <td style="text-align: center;"><b>10</b></td> </tr> <tr> <td style="text-align: center;"><b>&gt;5,000</b></td> <td style="text-align: center;"><b>15</b></td> </tr> </tbody> </table>	<b>SCHOOLWIDE ADM</b>	<b>Entries/Withdrawals</b>	<b>&lt;1,000</b>	<b>5</b>	<b>1,000-5,000</b>	<b>10</b>	<b>&gt;5,000</b>	<b>15</b>		
<b>SCHOOLWIDE ADM</b>	<b>Entries/Withdrawals</b>									
<b>&lt;1,000</b>	<b>5</b>									
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<b>&gt;5,000</b>	<b>15</b>									
13. Based upon review of (____) entries: ( <b>Note:</b> Enrollment forms are not required for continuing students at the same school.)										
a. Were entry dates entered into the school's computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry?										
b. Did the entry date in the computerized attendance system agree to the entry form?										
c. Did the teacher's attendance registers, if used, and other documentation support the entry date in the computerized attendance system?										
d. Did membership begin on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school? <i><b>ADE's <u>School Finance Procedures Manual</u></b></i>										
e. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? <b>A.R.S. §15-802(B)(1)</b>										
f. If a student was not an Arizona resident, was the student excluded from the school's student count and state aid										

calculations? <b>A.R.S. §15-823(J)</b>										
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 day of withdrawal and was documentation maintained to support the date of data entry? ( <b>Note:</b> “Day of withdrawal” for determining timely data entry 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 unexcused absence for students withdrawn for having ten consecutive unexcused absences.)										
b. Did the withdrawal date in the attendance system agree to the withdrawal form? ( <b>Note:</b> If the computerized attendance system requires the school to input the day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, 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 agree to 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? <b>A.R.S. §15-827</b>										
<p><b>For question 15, 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>Days</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>	<b>SCHOOLWIDE ADM</b>	<b>Days</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>Days</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>									
15. 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?										

16. 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 or identification numbers of the persons making and authorizing the changes?		
17. Was the school's membership/absence information submitted to ADE electronically at least once every 20 school days for membership and 60 days for absence information through the last day of instruction (with the first 20 and 60 day periods beginning on the first day of school or the opening of SAIS for current fiscal year data submission, whichever is later)? <b>A.R.S. §§15-901(A)(1) and 15-1042(H)</b>		
18. Based upon review of the school's 40 <sup>th</sup> and 100 <sup>th</sup> day information uploaded to ADE (ADMS 75-1), did the membership and absences agree to the school's computerized attendance system records? ( <b>Note:</b> For an AOI program, review year-end attendance information.)		
	<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 conspicuously post a statement on its website stating where all public notices of its meetings will be posted, including the physical and electronic locations?		
2. Did the school post all public meeting notices on its website?		
3. 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?		
4. Were notices and agenda of public meetings posted at least 24 hours before the meeting?		
5. 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)(6) (See also Attorney General Opinion I98-007)</b>		
Did the school refrain from charging fees that may be considered		

tuition other than as provided for in A.R.S. §15-185(B)(6) [nonresidents]?		
<b>Records Management</b>		
1. Did the school retain records in accordance with the <i>General Retention Schedules for <del>School Districts and Charter Schools</del> Education - K-12</i> published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? <a href="http://www.azlibrary.gov/records/general.aspx">www.azlibrary.gov/records/general.aspx</a>		
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 standards as set forth in the instructions on pages 2 and 3.

\_\_\_\_\_

Audit Firm

\_\_\_\_\_

Date

\_\_\_\_\_

Preparer's Signature (Audit Firm Representative)

\_\_\_\_\_

Title