

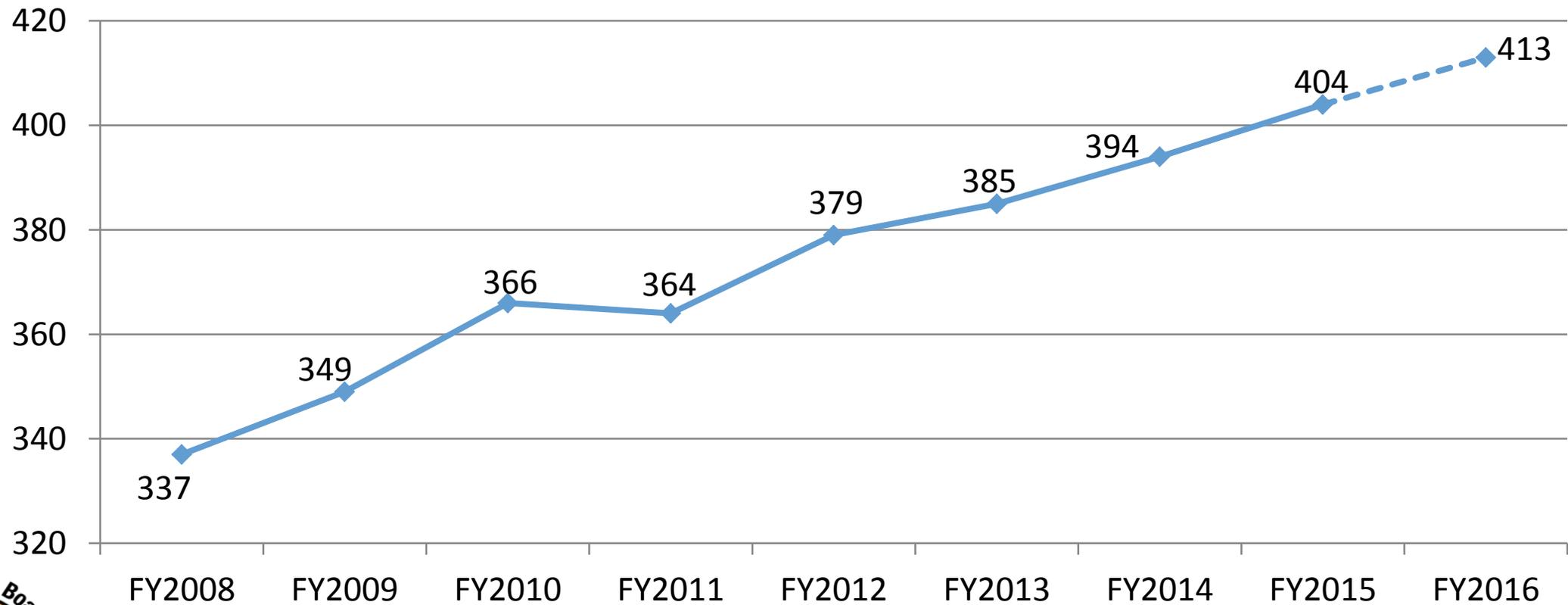


Operational Trends from Annual Audits

ASBCS BOARD MEETING

AUGUST 8, 2016

Audits: Actuals & FY16 Projection



Audit & Compliance Questionnaire Follow-up Matrix

➤ Adopted in 2003

- Guides staff's review of audits and staff's follow-up with charter holders on issues identified through audits
- Classifies issues into three categories – minimal impact, medium impact and serious impact findings

➤ Amended in 2008

- Addresses consequences for “second time” or “third time” an issue is identified through audit that the first time required a corrective action plan
 - Expansion request amendment hold implemented



Audit Review & Follow-up

- All Audits Reviewed Pursuant to Rule and Matrix
 - Charter holder receives a letter after audit has been reviewed
 - Depending on “impact” of issues identified, the letter may:
 - Indicate the charter holder should work towards correcting the issues and that staff will monitor for repeated issues in the next audit (“minimal impact findings”);
 - Indicate the audit included repeated issues that had not been addressed from prior year’s audit (“repeated minimal impact findings”);
 - Require submission of a corrective action plan (CAP) (“medium impact findings”); and/or
 - State the charter holder will be placed on an upcoming Board agenda for possible disciplinary action (“serious impact findings”).



Audit CAP Data (FY08 – FY15) Trends

- Based on Data Included on Next Slide:
 - Even with the number of charter audits increasing, there has generally been an annual decline in the number of audit CAP issues identified
 - Last three years have seen a small number of charter holders accounting for a large percentage of the audit CAP issues identified
 - After multi-year spike, number of “no CAP” issues returned to FY08 levels
 - If audit firm indicates in audit that an issue that would normally require a CAP has been corrected subsequent to the testing date, then a CAP is not required. The “no CAP” issue is tracked and becomes part of the charter holder’s compliance history.



Audit CAP Data (FY08 – FY15)

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
# of Audits Reviewed	337	349	366	364	379	385	394	404
# of CAP Issues	118	110	79	71	107	57	55	47
# of Charters Holders with CAP Requirement	91	76	63	59	67	33	34	36
% of Charter Holders with CAP Requirement	27%	21.8%	17.2%	16.2%	17.7%	8.6%	8.6%	8.9%
# of Charter Holders with 3+ CAP Issues [% of Total CAP Issues]	6 [18.6%]	8 [23.6%]	4 [19%]	3 [12.7%]	8 [34.6%]	8 [50.9%]	7 [45.5%]	3 [23.4%]
# of “No CAP” Issues	13	12	33	32	36	33	14	11



Repeat CAP Issue Trends

➤ Board's Audit Matrix

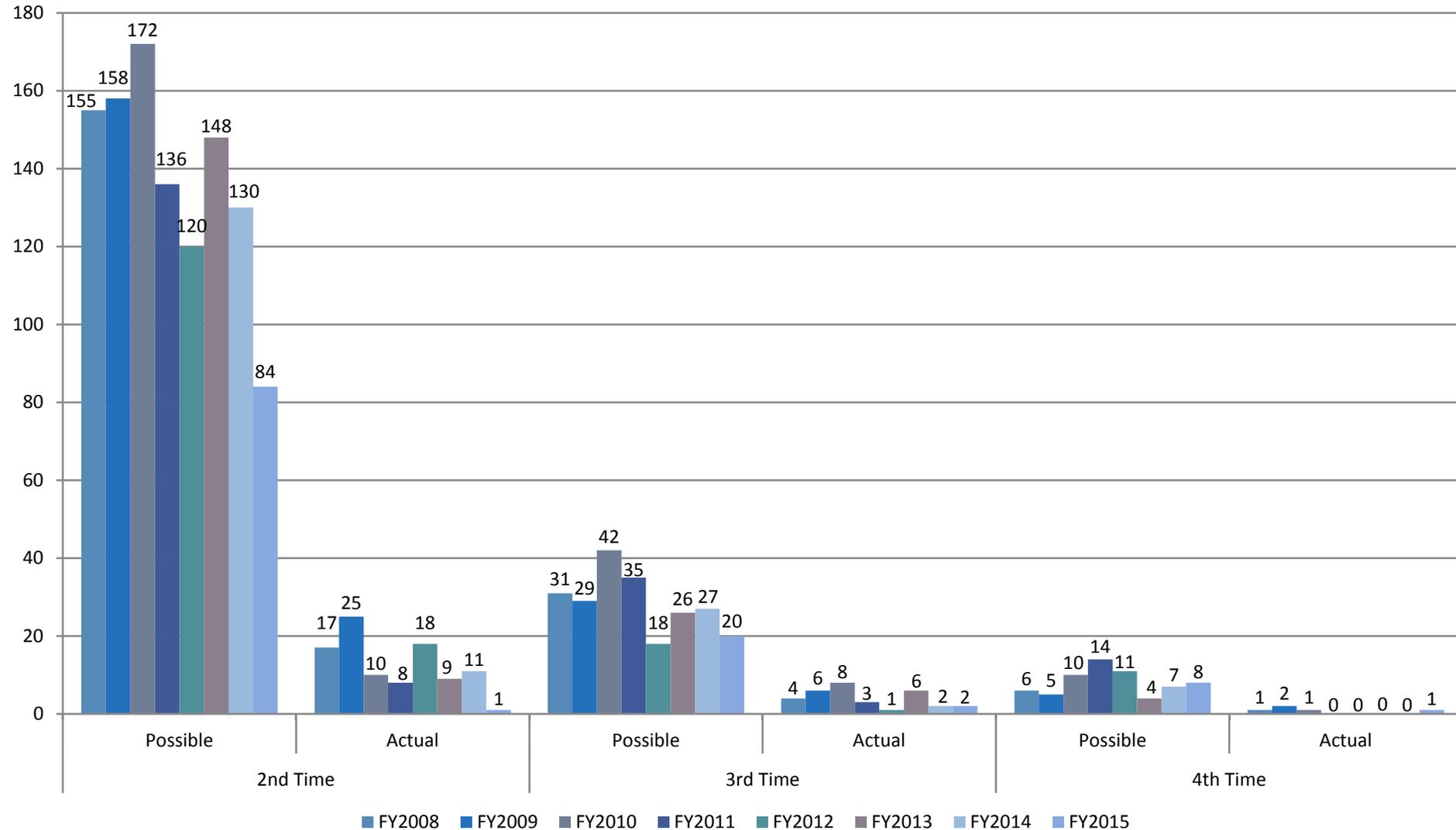
- After CAP issue is identified in audit, charter holder must have two “clean” audits to avoid having issue classified as “second time” or “third time”.

➤ Chart Included on Next Slide

- Reflects # of CAP issues identified, not # of charter holders
- Puts actual number of 2nd time, 3rd time and 4th time issues identified through audits in context by comparing it to possible number
- Shows Board's policy and charter holders' efforts have generally been effective in addressing CAP issues and avoiding subsequent violations



Possible vs. Actual Repeat CAP Issues



Top 5 Audit CAP Compliance Issues

FISCAL YEAR 2015

1. Fingerprinting (18)
2. Classroom Site Fund (8)
3. Fiscal Matters (5)
Internal Controls (5)
5. Attendance Record Retention (4)
Audit Opinion (4)

FISCAL YEAR 2008

1. Classroom Site Fund (35)
Internal Controls (35)
3. Fingerprinting (19)
4. Taxes (10)
5. Audit Opinion (5)



A list of the audit issues that require the submission of a corrective action plan may be found in Appendix B of the Board's *Operational Performance Framework and Guidance*.

Repeated Minimal Impact Findings

- ❖ Chart at right represents the percentage of the Board's portfolio with one or more repeated minimal impact findings for fiscal years 2008 through 2015
- ❖ Number of repeated minimal impact findings range from a low of 34 in fiscal year 2015 to a high of 136 in fiscal year 2012
- ❖ 64.6% of repeated minimal impact findings addressed after being identified in 2 consecutive audits
- ❖ 80.9% of repeated minimal impact findings addressed after being identified in 3 consecutive audits

