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**AGENDA ITEM:** Fiscal Year 2010 Audit Documents

**Background**

[Arizona Administrative Code R7-5-501](#) requires that by July 1<sup>st</sup> of each year, the Board make available to the public written audit guidelines that provide general guidance on charter school audit requirements, including the deadline for submitting the completed audit to the Board and information that must be included for the audit to be deemed complete.

Pursuant to Board rule, the fiscal year 2010 audit documents must be released by July 1, 2010. The audit documents include the audit guidelines, Legal Compliance Questionnaire, Uniform System of Financial Records for Charter Schools (USFRCS) Compliance Questionnaire, and Procurement Questionnaire.

**Proposed Changes to Audit Documents**

Audit Guidelines

For fiscal year 2010, the recommended revisions to the [audit guidelines](#) are technical in nature and involve updating dates and clarifying certain information.

Legal and USFRCS Compliance Questionnaires

The recommended fiscal year 2010 changes to the [Legal Compliance Questionnaire](#) primarily result from changes made by the Office of the Auditor General (OAG) relating to attendance reporting. The revisions are technical in nature and include wording changes, revisions to reflect recent statutory changes, and clarification to existing questions in the Student Attendance Reporting section. [A.R.S. §15-914.G](#) gives the OAG the responsibility to establish a method to audit average daily membership. The Board typically has incorporated OAG attendance related changes into its questionnaires.

In addition to the changes proposed in the Student Attendance Reporting section, staff updated the dates in the Instructions and footer and made revisions to the signature portion of the questionnaire (see page 12). Further, staff incorporated into the Instructions certain changes made by the OAG.

The [USFRCS Compliance Questionnaire](#) includes the same changes as the Legal Compliance Questionnaire. Additionally, staff changed the Classroom Site Fund section heading from “Classroom Site Project” to “Classroom Site Fund”.

The OAG has indicated that additional revisions to the Student Attendance Reporting section are possible as this section is still being reviewed by the OAG and the Arizona Department of Education. If additional revisions are made, they are not expected to be finalized until after July 1<sup>st</sup>. Depending on when the final version is released, staff may notify the auditors and schools of the additional changes, especially if the changes provide clarification. Since these changes will not be available by July 1<sup>st</sup>, they will not be incorporated into the Board’s questionnaires until the fiscal year 2011 audit cycle.

Procurement Questionnaire

The recommended fiscal year 2010 revisions to the [Procurement Questionnaire](#) are technical in nature and include wording and clarification changes. These revisions will update the Board’s questionnaire to match the OAG’s current guidelines. [A.R.S. §15-213.F](#) gives the OAG the responsibility to establish a method to audit schools’ compliance with procurement practices. The Board typically has incorporated OAG changes into its Procurement Questionnaire. In addition, staff also made revisions to the signature portion of the questionnaire (see page 7).

**Recommended Motion**

Approve the revisions to the audit guidelines, Legal Compliance Questionnaire, USFRCS Compliance Questionnaire and Procurement Questionnaire for the fiscal year 2010 audit cycle.