
AGENDA ITEM: Fiscal Year 2015 Audit Documents

Background

Arizona Administrative Code R7-5-501 requires that by July 1st 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 2015 audit documents must be released by July 1, 2015. The audit documents include the audit guidelines, Legal Compliance Questionnaire, Uniform System of Financial Records for Charter Schools (USFRCS) Compliance Questionnaire, and Procurement Compliance Questionnaire.

Proposed Changes to Audit Documents

Audit Guidelines

The proposed changes to the [audit guidelines](#) include:

- Removing references to charter schools sponsored by the State Board of Education (SBE). All SBE sponsored charter schools have transferred to the Board or their charter contracts have expired.
- Providing a new email address (Audits@asbcs.az.gov) for engagement letter and audit submissions to the Board.
- Alerting charter holders to the new single audit threshold (\$750,000) that will be in effect for the fiscal year 2016 audits. The \$500,000 threshold remains in effect for the fiscal year 2015 audits.
- Making technical revisions, including updating dates.

Legal and USFRCS Compliance Questionnaires

[A.R.S. §15-914\(G\)](#) gives the Office of the Auditor General (OAG) the responsibility to establish a method to audit average daily membership. For fiscal year 2015, the revisions made by the OAG and the Arizona Department of Education (ADE) to the Student Attendance Reporting section of these two questionnaires include adding questions and making technical and clarifying changes. The new questions relate to preschool programs for students with disabilities, Arizona Online Instruction (AOI) programs, and charging tuition for nonresidents. The Board has historically incorporated OAG changes into its [Legal Compliance Questionnaire](#) and [USFRCS Compliance Questionnaire](#). Staff is also proposing technical changes to the “Instructions” section of each questionnaire.

Procurement Compliance Questionnaire

[A.R.S. §15-213\(F\)](#) gives the OAG the responsibility to establish a method to audit schools’ compliance with procurement practices. The recommended fiscal year 2015 revisions to the [Procurement Compliance Questionnaire](#) reflect changes to the school district procurement rules adopted by the State Board of Education in April 2014 and the current thresholds for oral and written quotes. The Board has historically incorporated OAG changes into its questionnaire. Staff is also proposing technical changes to the “Instructions” section.

Board Options

Option 1: I move to approve the fiscal year 2015 audit guidelines, Legal Compliance Questionnaire, USFRCS Compliance Questionnaire, and Procurement Compliance Questionnaire as presented.

Option 2: I move to approve the fiscal year 2015 audit guidelines, Legal Compliance Questionnaire, USFRCS Compliance Questionnaire, and Procurement Compliance Questionnaire as presented with the inclusion of the modifications discussed (*may require specific reference depending upon whether clarification of discussion is needed*).