
AGENDA ITEM: Fiscal Year 2017 Audit Documents**Background**

Arizona Administrative Code R7-5-504(A) requires that by July 1st of each year, the Board make available on its website written requirements regarding the audit each charter school is required to submit annually under A.R.S. §§ 15-183(E)(6) and 15-914. Pursuant to Board rule, the written requirements (also referred to as the audit documents) for fiscal year 2017 must be released by July 1, 2017. 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 DocumentsAudit Guidelines

The proposed changes to the audit guidelines may be found in Appendix A and include aligning language to reflect the Board's current administrative rules, updating single audit guidance and report references, and making clarifying and technical revisions (e.g., updating dates).

Legal and USFRCS Compliance Questionnaires

The proposed changes to the Legal Compliance Questionnaire and USFRCS Compliance Questionnaire may be found in Appendix B and Appendix C, respectively, and include the following:

- "Personnel" Section – Question 5 has been updated to reflect changes made to A.R.S. §15-183(F) during the 2016 legislative session. These changes were not made to the 2016 compliance questionnaires because the new law did not take effect until August 6, 2016 (fiscal year 2017).
- "Student Attendance Reporting" Section – [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 2017, the only revision made by the OAG and the Arizona Department of Education (ADE) to the Student Attendance Reporting section of these two questionnaires was removing a reference to 40th day information from Question 21. The Board has historically incorporated OAG changes into its Legal Compliance Questionnaire and USFRCS Compliance 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. As shown in Appendix D, no changes are being proposed to the Procurement Compliance Questionnaire, except to update the questionnaire's version date to align with the version date of the other two questionnaires.

Board Options

Option 1: I move to approve the fiscal year 2017 audit guidelines, Legal Compliance Questionnaire, USFRCS Compliance Questionnaire, and Procurement Compliance Questionnaire as presented.

Option 2: I move to approve the fiscal year 2017 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*).

APPENDIX A

PROPOSED FY17 AUDIT GUIDELINES

Arizona State Board for Charter Schools

Physical Address
1616 W. Adams St., Suite 170
Phoenix, AZ 85007



Mailing Address
P.O. Box 18328
Phoenix, AZ 85009

TO : Administrators of charter schools sponsored by the State Board for Charter Schools

FROM : Andrea Leder, Assistant Director of Operations & Finance

DATE : ~~June 13, 2016~~XXXX

SUBJECT : Audit Guidelines

Arizona Revised Statutes (A.R.S.) §§ 15-183(E)(6) and 15-914 require all charter schools to have an annual audit. Pursuant to A.R.S. § 15-914, charter school audits must be conducted in accordance with *Government Auditing Standards*. This memorandum is designed to provide general guidance to you and your audit firm on charter school audit requirements and applies only to audits of charter schools sponsored by the Arizona State Board for Charter Schools (Board).

Mandatory Audit Firm Qualifications

The following qualifications are mandatory for audit firms that wish to conduct charter school audits:

1. The auditors must be properly licensed certified public accountants or persons working for a licensed certified public accounting firm according to *Government Auditing Standards* (GAS).
2. The audit firm must meet the independence requirements of GAS.
3. The audit firm must have an external peer review performed at least every 3 years in accordance with GAS. The most recent external peer review report must be provided to the charter holder and the Board.
4. The audit firm must meet the continuing education requirements of GAS. Therefore, each auditor responsible for planning, directing, conducting, or reporting on GAS audits should complete at least 80 hours of continuing education every 2 years. At least 20 hours should be completed in any 1 year of the 2-year period. At least 24 of the 80 hours of continuing education should be completed in subjects directly related to the government environment, government auditing, or the specific or unique environment in which the charter school operates. The audit firm does not need to provide the Board with evidence that continuing education requirements have been met. However, the audit firm will be required to include a statement in the engagement letter affirming that the audit firm meets all of the mandatory qualifications set forth in this section. (For more information, please see the "Engagement Letter Approval" section.)

5. In accordance with Arizona Administrative Code (A.A.C.) ~~R7-5-502(B)~~R7-5-504(B), the audit firm and supervising certified public accountant must ~~not be subject to a current or pending disciplinary action or a regulatory action requiring the audit firm or supervising certified public accountant to complete conditions specified by~~maintain good standing with an accounting industry regulatory body. An audit firm's or supervising certified public accountant's status with the Arizona Board of Accountancy may be ascertained at <http://www.azaccountancy.gov/CPADirectory/CPASearch.aspx>.

Comment [AL1]: Updated to reflect language found in current rule.

Audit Type

Single Audit – Charter holders organized as governmental and not-for-profit entities that expend \$750,000 or more in federal awards are subject to the requirements of the *Single Audit Act Amendments of 1996* and [Title 2 U.S. Code of Federal Regulations \(CFR\) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Guidance\)](#) ~~the implementing regulations of the Office of Management and Budget (OMB), including OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations,~~ and are required to obtain an annual single audit. The audit requirements imposed by the *Single Audit Act Amendments of 1996* ~~included-referenced~~ in this memorandum apply specifically to organizations that are the primary reporting entity. In cases where the school is not the primary reporting entity – i.e., the school is part of a larger organization or considered a subsidiary of another organization that holds the charter – these requirements apply only to the primary reporting entity and not the school. However, sufficient test work must be conducted at the school level to complete the applicable compliance questionnaire(s) in accordance with both the agreed upon procedures (instructions contained therein) and the attestation standards established by the American Institute of Certified Public Accountants (see below for more information on the compliance questionnaires). If the school is the only part of the primary reporting entity that received federal financial assistance, the entity may choose to apply these requirements just to charter school operations.

Financial Statement Audit – Charter holders not subject to the *Single Audit Act Amendments of 1996* must contract for at least an annual financial statement audit pursuant to A.R.S. § 15-914. In cases where the school is not the primary reporting entity – i.e., the school is part of a larger organization or considered a subsidiary of another organization that holds the charter – the audit may be of the larger organization. However, sufficient test work must be conducted at the school level to complete the applicable compliance questionnaire(s) in accordance with both the agreed upon procedures (instructions contained therein) and the attestation standards established by the American Institute of Certified Public Accountants (see below for more information on the compliance questionnaires). The reporting entity may also choose to apply these requirements just to the charter school operations.

All audits, regardless of type, must be based on the state's fiscal year of July 1 through June 30.

Compliance Questionnaires

In addition to the financial statement or single audit, the audit firm must complete the appropriate compliance questionnaire(s) in accordance with both the agreed upon procedures (instructions contained therein) and the attestation standards established by the American Institute of Certified Public Accountants. All Board sponsored charter holders should obtain the applicable compliance questionnaire(s) from the Board's website (<https://asbcs.az.gov/school-resources/additional-resources/annual-audits>) and not the Auditor General's website. Each charter holder is responsible for providing a copy of the appropriate compliance questionnaire(s) to the audit firm contracted to

perform the audit. To determine which compliance questionnaire(s) must be completed, please see below:

- USFRCS Compliance Questionnaire – **This questionnaire is applicable only to charter holders that are subject to the Uniform System of Financial Records for Charter Schools (USFRCS).** The current USFRCS Compliance Questionnaire is dated ~~6/46X/XX~~ and must be used for all fiscal year ~~2016-2017~~ audits.
- Legal Compliance Questionnaire – **This questionnaire is applicable to charter holders that have received an exception to the USFRCS.** It is used by Board staff to determine if a charter holder is complying with certain legal requirements. The current Legal Compliance Questionnaire is dated ~~6/46X/XX~~ and must be used for all fiscal year ~~2016-2017~~ audits.
- Procurement Compliance Questionnaire – **This questionnaire is applicable to charter holders that have NOT received an exception from procurement rules** and should be completed in conjunction with either the USFRCS Compliance Questionnaire or the Legal Compliance Questionnaire. The current Procurement Compliance Questionnaire is dated ~~6/46X/XX~~ and must be used for all fiscal year ~~2016-2017~~ audits.

The applicable compliance questionnaire(s) must be completed in accordance with both the agreed upon procedures (instructions contained therein) and the attestation standards established by the American Institute of Certified Public Accountants for each charter contract the charter holder has with the Board. For example, if the charter holder has three separate charter contracts with the Board and has received exceptions to the USFRCS and procurement rules for all three, then a Legal Compliance Questionnaire must be completed and submitted for each charter contract. Please note that multiple compliance questionnaires would not be required if the charter holder operated three sites under one charter contract. Under this scenario, assuming the charter holder has received USFRCS and procurement exceptions, one Legal Compliance Questionnaire must be completed and submitted. In completing the one Legal Compliance Questionnaire, the audit testing and question responses would incorporate all three sites.

Engagement Letter Approval

Laws 1999, 1st S.S., Ch. 4, sec. 15 requires the Board to approve the audit contract prior to audit commencement. The Board uses the engagement letter to meet this requirement. At this time, the Board is only approving one-year engagement terms. A copy of the engagement letter must be submitted to the Board for approval before any audit work begins. The Board prefers that engagement letters be submitted by email to Audits@asbcs.az.gov. Please note that faxed engagement letters are not accepted. Engagement letters must be on the firm's letterhead. **Engagement letters received by the Board that are not on firm letterhead will be returned and not processed.**

The following items must be included in the engagement letter for the Board to consider its approval:

1. Review of Audit Guidelines – The engagement letter must reference that either the audit firm has reviewed the Board's audit guidelines dated ~~June 13, 2016XXXX~~ or that the audit services to be provided meet the Board's audit guidelines dated ~~June 13, 2016XXXX~~.
2. "Mandatory Audit Firm Qualifications" Affirmation – The engagement letter must include a statement affirming that the audit firm meets all of the mandatory qualifications set forth in the "Mandatory Audit Firm Qualifications" section (see Page 1).

3. Government Auditing Standards (GAS) – Since A.R.S. § 15-914 requires all charter school audits be conducted in accordance with GAS, all engagement letter must state that the audit will be conducted in accordance with these standards and that the audit will include the report required by GAS.
4. Compliance Questionnaire(s) – The engagement letter must include a statement indicating that the audit firm will complete the appropriate compliance questionnaire(s) as required by the Board in accordance with both the agreed upon procedures (instructions contained therein) and the attestation standards established by the American Institute of Certified Public Accountants.
5. Specific Fee Information – The engagement letter must include specific fee information. If the engagement letter is for a single audit, includes fees for other services, or both, the engagement letter should specify the fee by service [e.g., \$X for the financial statement audit and completion of the appropriate compliance questionnaires(s), \$Y for the single audit, \$Z for the preparation of the information return].
6. Retention and Availability of Audit Documentation – Minimally, the engagement letter must include the following or similar language related to the retention and availability of the audit documentation:

“The audit documentation for this engagement is the property of [name of audit firm] and constitutes confidential information. However, pursuant to the authority given by law or regulation, we may be requested to make certain audit documentation available to your sponsor or its designee ~~or to produce the audit documentation at the Board’s office, if so requested,~~ for purposes of reviewing the audit’s quality, resolving audit findings, or carrying out oversight responsibilities. If requested, access to such audit documentation will be provided under the supervision of [name of audit firm]. Furthermore, upon request, we may provide photocopies of selected audit documentation to your sponsor ~~or produce the audit documentation at your sponsor’s office.~~ Your sponsor may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. All audit documentation will be retained in its entirety for a period of 5 years after the report release date unless ~~your sponsor~~~~the State Board for Charter Schools~~ requests a longer retention period.”

The Board will disapprove any engagement letter that fails to address the requirements specified in this section or in A.A.C. ~~R7-5-502(B)~~~~R7-5-504(B)~~.

Please note that by approving the engagement letter, the Board is not giving any assurance that the audit fee requested is reasonable, the projected completion date will be attained, or the audit reporting package will comply with applicable auditing standards and the minimum audit and reporting standards prescribed by the Board.

Complete Audit Reporting Packages

The audit firm shall provide at least one copy of the complete audit reporting package to the charter holder, one copy to the Board ~~by email to Audits@asbcs.az.gov~~ (see “Audit Deadline/Timeframe” section), and one copy to the Arizona Department of Education Grants Management by email to singleaudits@azed.gov.

For single audits, the audit firm shall also provide one copy of the audit reporting package and data collection form to the Federal Audit Clearinghouse's Internet Data Entry System at the following address: <https://harvester.census.gov/facweb/>.

For an audit reporting package to be considered complete, it must include at least the following:

For Financial Statement Audits:

1. Financial statements, including the audit firm's opinion thereon
2. *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*
3. The applicable compliance questionnaire(s) as described above with an agreed upon procedures report thereon in accordance with the attestation standards established by the American Institute of Certified Public Accountants
4. Management letter issued, if applicable

For Single Audits:

In addition to the items listed above for financial statement audits:

1. Schedule of Expenditures of Federal Awards, including the audit firm's report thereon
2. ~~Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance~~
~~Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular No. A-133~~
3. Summary Schedule of Prior Audit Findings
4. Schedule of Findings and Questioned Costs
5. Corrective Action Plan

In accordance with A.A.C. ~~R7-5-503~~R7-5-504(E), a charter holder that fails to submit timely a complete audit reporting package may be subject to charter oversight as specified in A.A.C. R7-5-601 and following shall appear before the Board for possible disciplinary action.

Comment [AL2]: Updated to reflect language found in current rule.

Audit Deadline/Timeframe

The deadline to submit the complete audit reporting package to the Board is November 15th, except that an extension is possible only for a charter holder that is subject to the *Single Audit Act Amendments of 1996*. The Board has not authorized staff to grant extensions for other reasons. In order to consider granting a single audit extension, the Board must receive an engagement letter for a single audit from the charter holder or its audit firm by November 15th and prior to the commencement of the audit. Single audit extensions are only granted through the engagement letter process.

The complete financial statement audit reporting package may either be sent electronically to Audits@asbcs.az.gov **or** mailed to the Board at P.O. Box 18328, Phoenix, AZ 85009 **or** delivered to the Board's office at 1616 W. Adams Street, Suite 170 in Phoenix. The Board prefers that financial statement audit reporting packages be submitted by email. Complete financial statement audit reporting packages received by the Board on or before November 15th by 11:59 p.m. for emailed copies or by 5 p.m. for paper copies will be considered timely submitted. Please note that faxed financial statement audit reporting packages are not accepted. Financial statement audit reporting packages must be on the firm's letterhead and include the appropriate signatures. Financial statement audit reporting packages received by the Board that are not on firm letterhead and/or do not contain the appropriate signatures will be returned and not processed. For those choosing to submit a paper copy of the financial statement audit reporting package, the Board will accept an unbound and double-sided copy.

For charter holders that receive a single audit extension, a complete single audit reporting package must be submitted by March 31st. The Board prefers that single audit reporting packages be submitted by email to Audits@asbcs.az.gov. ~~Since March 31, 2018 falls on a Saturday, complete single audit reporting packages received by the Board on or before March 31st by 11:59 p.m. for emailed copies or by 5 p.m. for paper copies will be considered timely submitted.~~ ~~Monday, April 2, 2018~~ by 11:59 p.m. for emailed copies or by 5 p.m. for paper copies will be considered timely submitted. Please note that faxed single audit reporting packages are not accepted. Single audit reporting packages must be on the firm's letterhead and include the appropriate signatures. Single audit reporting packages received by the Board that are not on firm letterhead and/or do not contain the appropriate signatures will be returned and not processed. For those choosing to submit a paper copy of the single audit reporting package, the Board will accept an unbound and double-sided copy.

Failure to submit a complete financial statement or single audit reporting package by the specified deadline will be noted in-on the charter holder's compliance-historyoperational performance dashboard and may result in the charter holder being placed on the next Board meeting agenda for possible disciplinary action.

Review of Complete Audit Reporting Packages

The annual audit reporting package serves as one of the primary tools used by the Board to carry out its statutorily mandated oversight responsibilities for the charter schools it sponsors. As such, each audit reporting package is reviewed in accordance with A.A.C. R7-5-504(F)-(H) and the Board's [Audit & Compliance Questionnaire Follow-up Matrix](#).

Additionally, Laws 1999, 1st S.S., Ch. 4, sec. 15 requires the Board to approve the completed audit reporting packages. In accordance with this statutory requirement, if, as part of Board staff's review conducted pursuant to A.A.C. R7-5-504(F)-(I), possible issues are identified (e.g., issues related to the accuracy of information in the audit reporting package), Board staff will follow-up with the charter holder, audit firm, or both as described in the "Review of Audit Firm Performance/Adherence to Standards" section below. Please note that the review of the audit reporting package conducted pursuant to A.A.C. R7-5-504(F)-(I) is not the same as the completeness determination made in accordance with A.A.C. ~~R7-5-503~~R7-5-504(C)-(D) and addressed in the "Complete Audit Reporting Packages" section beginning on Page 4.

Review of Audit Firm Performance/Adherence to Standards

In accordance with Laws 1999, 1st S.S., Ch. 4, sec. 15, the Board reviews the audit reporting packages and may review audit documentation of audit firms performing charter school audits to determine the quality of technical performance and adherence to the cited standards ~~and OMB Circular No. A-133~~

and to determine whether the audit firms met the minimum standards prescribed by the Board for completing the compliance questionnaires.

To that end, if as part of Board's staff review conducted pursuant to A.A.C. R7-5-504(F)-(I), possible issues are identified, Board staff will follow-up with the audit firm, charter holder, or both as follows:

- For possible issues related to the financial statements and related disclosures (e.g., the accuracy of this information), Board staff will first contact the audit firm to discuss the possible issue and, if an issue indeed exists, determine if it involves an oversight or mistake by the audit firm. If an oversight or mistake occurred, the audit firm will be asked to correct the issue and submit revised financial statements or related disclosures, as applicable, to the Board and the charter holder. If an issue does exist, but does not involve an oversight or mistake by the audit firm, Board staff will contact the charter holder as the entity responsible for the financial statements to discuss the identified issue. If the issue or combination of issues is determined to be significant enough, the charter holder may be asked to reissue the financial statements.
- For possible issues related to the GAS report or the compliance questionnaires (e.g., the completeness or accuracy of this information), Board staff will contact the audit firm to discuss the possible issue and, if an issue indeed exists, will ask the audit firm to correct the issue and submit the revised document(s) to the Board and to the charter holder. If the audit firm fails to correct the issue, Board staff will send a letter to the audit firm's client, asking for the charter holder's assistance. If Board staff's review identifies that the audit firm did not complete the compliance questionnaire(s) in accordance with the prescribed minimum audit standards (e.g., all "No" and "N/A" answers are not adequately explained), Board staff will notify both the audit firm and charter holder and will provide a deadline by which the audit firm must submit the revised questionnaire(s) to the Board and the charter holder.

Based on issues identified through the review of complete audit reporting packages or to help ensure that the minimum standards prescribed by the Board in its compliance questionnaires are being adhered to, Board staff may ask to review certain documentation or require the audit firm to produce the documentation at the Board's office in a format that is accessible by the Board. The documentation shall be subject, at all reasonable times, to review upon request by the Board. Board staff will coordinate any such requests with the audit firm.

Adjustment for Audit Costs

Schools that are only required to have an annual financial statement audit may be reimbursed for audit costs paid from state and local monies by increasing their budgets, as outlined in A.R.S. §15-914(F). Specific instructions for calculating this increase have been included in the charter school annual budget forms and budget work sheets. These worksheets are available at <http://www.azauditor.gov/reports-publications/charter-schools/manuals-memorandums>. The Arizona Department of Education receives copies of the engagement letters approved by the Board and uses them when determining the audit cost adjustment.

Schools that are required to have a single audit may charge audit costs applicable to each federal program to the appropriate federal project. This action requires filing a project amendment with the Arizona Department of Education and budgeting an appropriate amount under Support Services—Business, function code 2500, and Purchased Professional and Technical Services, object code 6300. Any remaining audit costs, however, should be paid for from state and local monies.

Questions

If you have any questions or need assistance, please contact Andrea Leder at (602) 364-3106 or Andrea.Leder@asbcs.az.gov.

APPENDIX B

**PROPOSED FY17 LEGAL
COMPLIANCE QUESTIONNAIRE**



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) which is available on the Arizona State Board for Charter Schools' website <https://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 Questionnaire¹

Questions/Subject Area	Yes/No	Comments
Personnel		
1. Did the school have valid fingerprint clearance cards (FCC) for 100% of the required personnel as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. §15-512(H)		
(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) A.R.S. §15-183(C)(5):		
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? Charter Contract²		
4. Were all other personnel fingerprint checked as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. §15-512		
5. Did the charter school inform the parents and guardians of pupils enrolled in the school of the availability of resume		

¹ 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.

² Specific contract cites could not be provided as term references vary per contract year.

information <u>about the educational and teaching background and experience in a particular academic content subject area</u> for all <u>current</u> employees who provide instruction to pupils? A.R.S. §15-183(F)		
	Yes/No	Comments
Required Filings		
1. Is the school in good standing with the following regulatory bodies:		
a. Internal Revenue Service U.S.C. Title 26		
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 th) 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 th)?		
b. Arizona Department of Revenue A.R.S. §43-401 and §43-1111		
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 th) 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 th)?		
c. Arizona Department of Economic Security A.R.S. § 23-721 et seq.		
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 th) 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 th)?		
d. Corporation Commission (e.g., annual report)? Charter Contract		
2. Was a copy of the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18 th ? A.R.S. §15-905(E) and §15-183(E)(6)		
3. Was the Annual Financial Report (AFR) sent to the Superintendent of Public Instruction by October 15 th ? A.R.S. §15-183(E)(6) and 15-904(A)		
Special Education		
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? AAC R7-2-401		
3. Are evaluations and IEPs on file for special education students? 34 CFR 300.341-350 and 300.531-536		
Classroom Site Fund - A.R.S. §15-977 & OAG Memorandum No. 44		
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?		

Student Attendance Reporting		
If test work performed in this section discloses a net overstatement or understatement of membership and/or absence days, based on A.R.S. and ADE’s membership and attendance guidelines, report the net overstatement or understatement in the “Comments” column next to each applicable question.		
	Yes/No	Comments
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? A.R.S. § 15-341.01		
2. Did the school ensure that [A.R.S. §§15-808(J)(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.) ADE’s External Guidelines GE-17 and GE-18		
a. Preschool children with disabilities were enrolled in a program that met at least 360 minutes a week that meets at least 216 hours over the minimum number of days?		
b. Kindergarten was in session for at least 356 hours or 346 hours for Arizona Online Instruction (AOI) Programs?		
c. Grades 1 through 3 were in session for at least 712 hours?		
d. Grades 4 through 6 were in session for at least 890 hours?		
e. Grades 7 and 8 were in session for at least 1,000 hours or 1,068 hours for AOI Programs?		
f. Grades 9 through 12, other than AOI Programs, were in session at least 720 hours?		
g. 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?		
h. 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>For Student Attendance Reporting questions, 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 should be selected from the 100th day reporting period.</p> <p>In the parentheses provided within the questions, write the actual number of transactions tested. If all transactions were tested, indicate such in the “Comments” column.</p>		
For questions 3-5 select at least 3 student attendance records.		

<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 membership/absence information for this program for students with disabilities? A.R.S. §15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33</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? A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i)</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? A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33</p>										
<p>For questions 6 and 7, use the following sample sizes:</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;"><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;">>5,000</td> <td style="text-align: center;">15</td> </tr> </tbody> </table> <p>6. Based upon 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? A.R.S. §15-901(A)(5)(b)(ii)</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? A.R.S. §15-901(A)(5)(b)(i)</p>										
<p>For questions 8 through 15, use the following sample sizes:</p>										
<table border="0" style="width: 100%; text-align: center;"> <thead> <tr> <th style="border-bottom: 1px solid black;">SCHOOLWIDE ADM</th> <th style="border-bottom: 1px solid black;">Student Attendance Records</th> </tr> </thead> <tbody> <tr> <td><1,000</td> <td>3</td> </tr> <tr> <td>1,000-5,000</td> <td>5</td> </tr> <tr> <td>>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?</p>	SCHOOLWIDE ADM	Student Attendance Records	<1,000	3	1,000-5,000	5	>5,000	7		
SCHOOLWIDE ADM	Student Attendance Records									
<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 by ADE?</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?</p>										
<p>11. For students enrolled in a program provided by a JTED in a facility owned and operated by a school:</p> <p>a. For schools-Based on a review of (____) students' attendance records, did the school report the actual enrollment and attendance data for only the school classes the student was enrolled in at that school (excluding JTED program classes) under the school's CTDS number?</p>										
<p>b. For schools-Based on the review of (____) students' attendance records for all absence days reported in a <u>1</u> month period, did the school calculate absences in accordance with the method(s) provided by ADE <i>and</i> based on the number of school classes the student was enrolled in</p>										

and attended (excluding JTED programs classes)? [Note: Total membership claimed for the school and the JTED satellite locations for each student should not exceed 1.25. A.R.S. §15-393(P)]												
12. For schools offering an AOI Program, based upon a review of (____) AOI students' attendance records for 4 weeks: (ADE's Policies and Procedures Manual, SF-0003) 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? A.R.S. §15-808(E)												
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? A.R.S. §15-808(B)												
d. Was the student's Intended Full Time Equivalency Enrollment Statement maintained?												
13. Based on review of the student's attendance records in question 12, did the school follow its procedures, to re-determine the actual FTE for each student enrolled in an AOI Program, following a student's withdrawal or after the end of the school year?												
14. 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? A.R.S. §15-901(A)(1)												
15. Based upon review of (____) students' attendance records, does the student's name entered in the student management system match the name on the legal document on file? A.R.S. §15-828(D)												
For questions 16 and 17, use the following sample sizes:												
<table style="width: 100%; border: none;"> <tr> <td style="text-align: center; border: none;">SCHOOLWIDE</td> <td style="border: none;"></td> </tr> <tr> <td style="text-align: center; border: none;">ADM</td> <td style="text-align: center; border: none;">Entries/Withdrawals</td> </tr> <tr> <td style="text-align: center; border: none;"><hr style="width: 100%;"/></td> <td style="border: none;"></td> </tr> <tr> <td style="text-align: center; border: none;"><1,000</td> <td style="text-align: center; border: none;">5</td> </tr> <tr> <td style="text-align: center; border: none;">1,000-5,000</td> <td style="text-align: center; border: none;">10</td> </tr> </table>	SCHOOLWIDE		ADM	Entries/Withdrawals	<hr style="width: 100%;"/>		<1,000	5	1,000-5,000	10		
SCHOOLWIDE												
ADM	Entries/Withdrawals											
<hr style="width: 100%;"/>												
<1,000	5											
1,000-5,000	10											

>5,000	15	
16. Based upon review of (____) entries: (Note: Enrollment forms are not required for continuing students at the same school.)		
a. Were the 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 teachers’ 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?		
e. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? A.R.S. §15-802(B)(1) and ADE’s Arizona Residency Documentation Guidelines		
f. If a student was a nonresident of Arizona, was the student excluded from the school’s student count and state aid calculations? A.R.S. §15-823(K)		
g. If the school admitted students who were nonresidents of Arizona, was tuition charged, as applicable? A.R.S. §15-823		

17. 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? (Note: "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 th day of unexcused absence for students withdrawn for having ten consecutive unexcused absences.)												
b. Did the withdrawal date in the computerized attendance system agree to the withdrawal form? (Note: 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 <i>Official Notice of Pupil Withdrawal</i> form prepared and retained for each withdrawal and signed by a school administrator? A.R.S. §15-827												
<p>For question 18, use the following sample sizes:</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">SCHOOLWIDE</th> <th></th> </tr> <tr> <th style="text-align: center;">ADM</th> <th style="text-align: center;">Days</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><1,000</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">1,000-5,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">>5,000</td> <td style="text-align: center;">7</td> </tr> </tbody> </table>	SCHOOLWIDE		ADM	Days	<1,000	3	1,000-5,000	5	>5,000	7		
SCHOOLWIDE												
ADM	Days											
<1,000	3											
1,000-5,000	5											
>5,000	7											
18. 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?												

19. 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?		
20. 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 or AzEDS, for current fiscal year data submission, whichever is later)? A.R.S. §§15-901(A)(1) and 15-1042(G)		
21. Based upon review of the school's 40th and 100 th day information uploaded to ADE (ADMS 75-1 or equivalent report in AzEDS), did the membership and absences agree to the school's computerized attendance system records? (Note: For an AOI Program, review year-end attendance information.)		
	Yes/No	Comments
Open Meeting Law A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion I00-009)		
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?		
Insurance Requirements A.R.S. §15-183(M)		
Does the school have the required insurance for liability and property loss?		
Tuition A.R.S. §15-185(B)(6) (See also Attorney General Opinion I98-007)		
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]?		
Records Management		
1. Did the school retain records in accordance with the <i>General Retention Schedules for 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)? www.azlibrary.gov/arm/retention-schedules		
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

APPENDIX C

PROPOSED FY17 USFRCS

COMPLIANCE QUESTIONNAIRE



Charter/CTDS _____
Arizona State Board for Charter Schools
Uniform System of Financial Records for Charter Schools
Compliance Questionnaire
Fiscal Year Ended _____

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INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are subject to the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) (charters that do NOT 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) which is available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

Arizona Revised Statutes (A.R.S.) §15-183(E)(6) and 15-271, and Laws 1999, 1st Special Session, Chapter 4, sec.15, require the Office of the Auditor General, the State Board of Education, or the Arizona State Board for Charter Schools to inform any charter failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records for Arizona Charter Schools* (USFRCS) that it has 90 days to correct the cited deficiencies. To assist the State Board for Charter Schools in determining whether a charter has attained an acceptable degree of compliance with the requirements of the USFRCS, the audit firm must complete this USFRCS 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. A copy of the questionnaire completed in accordance with the attestation standards established by the American Institute of Certified Public Accountants must be submitted with the audit reporting package to the State Board for Charter Schools.

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the USFRCS 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 USFRCS, 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 USFRCS and/or 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.
- ◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Deficiencies must be described in sufficient detail to enable the State Board for Charter Schools to describe the deficiency in a letter. The description should include the number of items tested and the number of exceptions noted. Comments such as “See LOR” are not adequate.
- ◆ A “Yes” answer indicates that the audit firm has determined that the charter complies with the USFRCS and/or legal requirements on that 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 the USFRCS, 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 on the 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 with references to the procedures performed for each question.

USFRCS Compliance Questionnaire¹

	<u>YES/NO</u>	<u>COMMENTS</u>
<u>BUDGETS</u>		
1. Were the proposed budget and a notice of public hearing and Governing Board meeting to adopt a budget uploaded for posting on ADE’s website no later than 10 days prior to the meeting, and if the school maintains a website, were the proposed budget or budget summary and hearing notification posted on the school’s website? A.R.S. §15-185(M)	_____	_____
2. Was the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18? A.R.S. §15-905 (E) and §15-183(E)(6)	_____	_____
3. Was the adopted budget mathematically accurate, and did it include all school expenses?	_____	_____
4. Was a copy of the budget maintained on file at the school?	_____	_____
5. If the school revised the adopted budget, was the revision completed before May 15 and filed with the Superintendent of Public Instruction by May 18?	_____	_____
<u>ACCOUNTING RECORDS</u>		
1. Did the school properly reconcile its accounting records to the bank account records and is the reconciliation properly supported?	_____	_____
2. Were accounting records maintained in accordance with the USFRCS Chart of Accounts?	_____	_____
3. Were the responsibilities of initiating, approving, and recording journal entries separated among employees, or were adequate alternative procedures in place?	_____	_____
4. Were journal entries approved by an authorized school administrator before being recorded in the accounting records?	_____	_____
5. Were prenumbered and numerically controlled journal entry forms prepared for all journal entries?	_____	_____
<u>CASH</u>		
1. Were bank accounts authorized by the Governing Board? The following is a list of bank accounts allowed by the USFRCS:	_____	_____
a. General account		
b. General Revolving account		
c. Payroll Clearing account		
d. State Income Tax Withholdings account		
e. Federal Payroll Tax Withholdings account		
f. Employee Insurance Programs Withholdings account		

¹ 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.

YES/NO

COMMENTS

- g. Federal Savings Bond Withholdings account
- h. Food Service account
- i. Food Service Revolving account
- j. Auxiliary Operations account
- k. Auxiliary Operations Revolving account
- l. Student Activities account (required for schools with student activities)
- m. Grants and Gifts to Teachers account

- 2. Were inactive bank accounts closed? _____
- 3. Was the school’s general revolving account established by a check drawn on the general bank account, maintained on an imprest basis, and reimbursed for all disbursements for the current fiscal year by year-end? _____
- 4. Were disbursements from the general revolving account only for items requiring immediate cash outlays such as postage, freight, fuel taxes, travel, and other minor disbursements? (Salaries and wages should not be paid from the revolving account.) _____
- 5. Was the school’s petty cash account authorized by the Governing Board, established by a check drawn on the general revolving bank account, maintained on an imprest basis, and closed to the general revolving bank account by fiscal year-end? _____
- 6. Were disbursements from the school’s petty cash account only for minor disbursements when a check was not practical or immediate cash payment was required? _____
- 7. Was the school’s petty cash account locked in a safe or a cash box to which only the custodian has access? _____
- 8. Were bank accounts reconciled monthly to the check register by an employee not involved in handling cash receipts or disbursements? _____

SUPPLIES INVENTORY

- 1. Were the responsibilities of record keeping and custody of supplies adequately separated among employees? If this was not possible due to the school’s limited staff size, were adequate review procedures in place? _____
- 2. Did the school adequately safeguard supplies inventory from unauthorized use, theft, and damage? _____
- 3. Was a complete physical inventory taken at least annually, if periodic inventory records were maintained, or at least once every 3 years if perpetual records were maintained? _____
- 4. Were the inventory accounting records adjusted when an actual physical inventory was taken? _____
- 5. If perpetual records were maintained, were periodic verifications of selected items made between inventory dates? _____

YES/NO

COMMENTS

- 6. Was a supplies inventory list that included item and unit descriptions, purchase document numbers, quantities, unit costs, extended costs, page totals, and a grand total prepared at the end of each fiscal year for all supplies, including food service supplies, both purchased and donated, and bookstore supplies?
- 7. Was adequate documentation maintained to support the actual cost recorded on the supplies inventory list?

CAPITAL ASSETS

- 1. Did the school prepare a capital assets list that included all equipment with unit costs of \$5,000 or more and useful lives of 1 year or more, and all land, buildings, and related improvements with a cost of \$5,000 or more? (Lower threshold amounts may be used with Governing Board approval.)
- 2. Does the capital assets list include the following information for each item?
 - a. Location (campus, department, building, etc.)
 - b. Identification number for equipment (tag number, serial number, or other number that specifically identifies the item)
 - c. Description (model number, size, color, etc.)
 - d. Method of acquisition (purchase, donation, construction, trade, or lease-purchase)
 - e. Source of funding (the project from which the item was purchased)
 - f. Acquisition date (month and year of acquisition)
 - g. Purchase document number (purchase order, voucher, or other document number that can be used to trace to the supporting documentation)
 - h. Actual cost including any ancillary charges. Were donated assets recorded at fair market value at the date of donation?
 - i. Condition of asset (for assets with unit costs of \$5,000 or more purchased with federal monies)
 - j. Percentage of federal participation (for assets with unit costs of \$5,000 or more purchased with federal monies)
- 3. Did the school update the capital assets list at least annually for acquisitions and disposals?
- 4. Was proper supporting documentation retained for all items recorded on the capital assets list?
- 5. Were equipment items recorded on the capital assets list identified by a tag, marked with an identifying number, or specifically identified by some other means?
- 6. Was a physical inventory of equipment taken at least every 3 years and reconciled to the capital assets list? Was a physical inventory of equipment costing \$5,000 or more purchased with federal monies taken at least every 2 years?

- 7. Were disposals of capital assets properly authorized and the items removed from the capital assets list? _____
- 8. Was obsolete or damaged equipment removed from the capital assets list? _____
- 9. Did the school reconcile changes in capital asset accounts to the capital asset additions list? _____
- 10. Did the school reconcile the current year’s capital assets list to the previous year’s list? _____
- 11. Did the school maintain adequate insurance coverage for capital assets? _____

RECEIPTS

- 1. Were the responsibilities of receiving, depositing, and recording receipts separated among employees? If this was not possible due to the school’s limited staff size, were adequate review procedures in place? _____
- 2. Were prenumbered and numerically-controlled cash receipt forms prepared for all cash, checks, and warrants received at the school? _____
- 3. Were daily cash receipt summaries prepared to provide a reconciliation of the amount of cash, checks, and warrants on hand to issued receipts? _____
- 4. Were receipts adequately safeguarded prior to deposit? _____
- 5. Were all monies received by the school deposited intact in the appropriate bank account daily, if significant, or at least weekly? _____
- 6. Were validated bank deposit receipts agreed to applicable cash receipt summaries and copies of bank deposit slips, and maintained on file? _____

CLASSROOM SITE FUND – A.R.S. §15-977 and USFRCS Memorandum No. 44

- 1. Did the school properly allocate Classroom Site Project 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 cash carryover balance at year-end?

<u>YES/NO</u>	<u>COMMENTS</u>
_____	_____

PAYROLL

1. Were payroll processing responsibilities (payroll preparation, payroll authorization, and payroll check distribution) adequately separated among employees or were adequate alternative procedures in place?	_____	_____
2. Were written personnel and payroll policies established by the Governing Board and available to employees?	_____	_____
3. Did the school establish a delayed payroll system to help ensure that employees were paid only the amount actually earned?	_____	_____
4. Did individual personnel files include appropriate supporting documentation?	_____	_____
5. Did the school maintain a system to account for the accrual and use of vacation, sick leave, and compensatory time for all employees on an ongoing basis?	_____	_____
6. Did the school's policies governing leave time include prescribed accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon termination of employment?	_____	_____
7. Were individual time sheets, clock cards, or other work attendance records prepared for each hourly employee for each pay period, signed by the employee, and approved by the employee's supervisor?	_____	_____
8. Was all overtime pay paid no later than 16 days after the end of the most recent pay period? A.R.S. §23-351(C)(3)	_____	_____
9. Were payroll registers supported by properly authorized notifications of employment, terminations, pay rate changes, withholding and voluntary deduction authorization forms, and work attendance records?	_____	_____
10. Were completed payroll registers or prepayroll registers reviewed and approved by a school administrator?	_____	_____
11. Were payroll checks compared to the payroll register on a test basis prior to distribution to employees?	_____	_____
12. Were procedures established to record payroll expenses in the correct fiscal year?	_____	_____

YES/NO

COMMENTS

TRAVEL

- 1. Did the Governing Board prescribe policies and procedures for reimbursing lodging and per diem expenses incurred for school purposes, and were the amounts within the maximums established by the Internal Revenue Service (IRS)? (Current limits are available at www.gsa.gov/perdiem.)
- 2. Did the school reimburse mileage at the standard rate established by the IRS?
- 3. If amounts exceeded the limits set by IRS, did the school include amounts in excess of the IRS limits authorized in IRS Publication 1542 in employees' income on Form W-2?

FINANCIAL REPORTING

- 1. Was the annual financial report (AFR) sent to the Superintendent of Public Instruction by October 15?
- 2. Was the AFR signed by the Governing Board?
- 3. Was a copy of the AFR maintained on file at the school?
- 4. Did budgeted expenses as reported on the AFR agree with the school's adopted budget or most recently revised adopted budget?
- 5. Did actual revenues and expenses as reported on the AFR agree with the school's accounting records?
- 6. Was all required information included in the AFR?
- 7. Was disclosure in the notes to the financial statements adequate, and were all pertinent notes incorporated as an integral part of the financial statements?
- 8. 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)?
- 9. If applicable, were the reporting requirements of the *Single Audit Act Amendments of 1996* met?
- 10. Is the school in good standing with the following regulatory bodies:
 - a. Internal Revenue Service **U.S.C. Title 26**
 - 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 30th) is a true statement.
 - iii. If the response to 10.a.i, 10.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 10.a.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30th)?
 - b. Arizona Department of Revenue **A.R.S. §43-401 and §43-1111**

5. Did the school refrain from making disbursements from the food service change fund?		
6. If a food service revolving bank account was used, was it established by a check drawn on the general or food service bank account in an amount limited to \$500, maintained on an imprest basis, and reimbursed for all disbursements for the current fiscal year by year-end?		
7. Were disbursements from the food service revolving bank account only for payment of freight on commodities, purchases of food required in emergencies, temporary employment not to exceed 8 hours for any person, and other minor disbursements?		
8. Were the responsibilities of receiving, depositing, and recording food service receipts separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?		
9. Were meal tickets prenumbered, numerically controlled, and adequately safeguarded prior to issuance? If a computerized system was used, were proper controls in place?		
10. Were daily reports prepared that document a reconciliation of meal sales to cash collections, and were cash overages and shortages resolved?		
11. Did the actual expenses as reported on the Food Service page of the AFR agree with the school's accounting records?		
12. Were expenses reported on the Food Service page of the AFR classified in accordance with the USFRCS Chart of Accounts?		

YES/NO

COMMENTS

AUXILIARY OPERATIONS

1. Did the auxiliary operations bank account include all monies raised in connection with the activities of campus bookstores and athletics?		
2. Was the school's auxiliary operations revolving bank account established by a check drawn on the general or auxiliary operations bank account in an amount approved by the Governing Board, maintained on an imprest basis, and reimbursed for all disbursements for the current fiscal year by year-end?		
3. Was the auxiliary operations petty cash account established from the general or auxiliary operations bank account in an amount approved by the Governing Board, and operated on an imprest basis?		
4. Were receipt forms and tickets prenumbered and numerically controlled?		
5. Did the school prepare daily sales summaries of bookstore operations and athletic ticket sales that provided a reconciliation between recorded sales and actual cash collected?		
6. Were cash receipts deposited intact daily, if material, or at least weekly?		
7. Were validated bank deposit receipts agreed to applicable daily sales summaries of bookstore operations/athletic ticket sales and copies of bank deposit slips, and maintained on file?		
8. Was idle cash in the auxiliary operations bank account invested by the Governing Board in relatively risk-free investments such as interest-earning		

checking accounts, savings accounts, and certificates of deposit? Was interest earned on such investments credited to the auxiliary operations bank account?		
9. Were disbursements from the revolving bank account and petty cash account supported by appropriate documentation and limited to postage, freight, fuel taxes, travel, and other minor disbursements? (Salaries and wages should not be paid from the revolving bank account and petty cash account. However, wages for game officials may be paid from the revolving bank account if the official is considered an independent contractor.)		
10. Were auxiliary operations change funds established by a check drawn on cash in the auxiliary operations (revolving) bank account?		
11. Did the school refrain from making disbursements from the auxiliary operations change fund?		
12. Were the responsibilities of receiving, depositing, and recording auxiliary operations receipts separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?		
13. Were payroll taxes withheld from payments made to employees of the school who functioned as game officials, scorekeepers, ticket sellers, etc.? (Withholdings are not required for the game officials appointed by the Arizona Interscholastic Association.)		

YES/NO	COMMENTS
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STUDENT ACTIVITIES

1. Was the student activities treasurer and assistant student activities treasurer(s), if applicable, appointed by the Governing Board?		
2. Did the student activities bank account include only monies of student clubs, organizations, school plays, or other student entertainment that were raised through the efforts of students with the approval of the Governing Board? (Note: Raffles, bingo, and other forms of gambling are not legal events for student clubs.)		
3. Were student activities monies deposited in a bank account designated as the student activities bank account?		
4. Were monies deposited intact daily, if significant, or at least weekly?		
5. Were student activities change funds established by a check drawn on cash in the student activities bank account and returned to the bank account at the end of the school year?		
6. Did the school refrain from making disbursements from the student activities change fund?		
7. Were student activities tickets prenumbered, numerically controlled, and physically safeguarded?		
8. Were reports prepared that reconciled sales to cash collected at student activities events? (When applicable, sales should be documented using tickets, prenumbered cash receipts, a cash register, or count items on hand		

before and after a sale.)		
9. Were validated bank deposit receipts agreed to applicable daily cash collection summaries and copies of bank deposit slips, and maintained on file?		
10. Was student activities' idle cash invested by the Governing Board in relatively risk-free investments such as interest-bearing checking accounts, savings accounts, and certificates of deposit? Was interest earned on such investments allocated proportionately to the appropriate clubs?		
11. Were the responsibilities of cash handling and recordkeeping separated among employees? If this was not possible due to the District's limited staff size, were adequate review procedures in place?		
12. Were receipts adequately safeguarded prior to deposit?		
13. Was cash available in the student club accounts before disbursements were made?		
14. Were disbursements from the student activities bank account properly authorized by or on behalf of the student members of a particular club?		
15. Were checks drawn on the student activities bank account signed by the student activities treasurer or assistant treasurer and one other person authorized by the Governing Board?		
16. Were transfers of monies among student clubs properly authorized?		
17. Was a report of cash receipts, disbursements, transfers, and cash balances of the student activities bank account submitted to the Governing Board monthly?		
	YES/NO	COMMENTS

STUDENT ATTENDANCE REPORTING

If test work performed in this section discloses a net overstatement or understatement of membership and/or absence days, based on A.R.S. and ADE's membership and attendance guidelines, report the net overstatement or understatement in the "Comments" column next to each applicable question.

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? A.R.S. §15-341.01		
2. Did the school ensure that [A.R.S. §§15-808(J)(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.) ADE's External Guidelines GE-17 and GE-18		
a. Preschool children with disabilities were enrolled in a program that met at least 360 minutes a week that meets at least 216 hours over the minimum number of days?		
b. Kindergarten was in session for at least 356 hours or 346 hours for Arizona Online Instruction (AOI) Programs?		
c. Grades 1 through 3 were in session for at least 712 hours?		

- d. Grades 4 through 6 were in session for at least 890 hours?
- e. Grades 7 and 8 were in session for at least 1,000 hours or 1,068 hours for AOI Programs?
- f. Grades 9 through 12, other than AOI Programs, were in session at least 720 hours?
- g. 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?
- h. 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?

For Student Attendance Reporting questions, 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 3 or more grade levels and 3 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 should be selected from the 100th day reporting period.

In the parentheses provided within the questions, write the actual number of transactions tested. If all transactions were tested, indicate such in the “Comments” column.

For questions 3-5 select at least 3 student attendance records.

- 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 membership/absence information for this program for students with disabilities? **A.R.S. §15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33**
- 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? **A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i)**
- 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? **A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33**

For questions 6 and 7, use the following sample sizes:

SCHOOLWIDE ADM	Student Attendance Records
<1,000	5
1,000-5,000	10
>5,000	15

6. Based upon 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? **A.R.S. §15-901(A)(5)(b)(ii)**

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? **A.R.S. §15-901(A)(5)(b)(i)**

For questions 8 through 15, use the following sample sizes:

SCHOOLWIDE ADM	Student Attendance Records
<1,000	3
1,000-5,000	5
>5,000	7

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?

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 by ADE?

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?

11. For students enrolled in a program provided by a JTED in a facility owned and operated by a school:

a. For schools-Based on a review of (____) students' attendance records, did the school report the actual enrollment and attendance data for only the school classes the student was enrolled in at that school (excluding JTED program classes) under the school's CTDS number?

b. For schools-Based on the review of (____) students' attendance records for all absence days reported in a 1 month period, did the school calculate absences in accordance with the method(s) provided by ADE *and* based on the number of school classes the student was enrolled in and attended (excluding JTED programs classes)?

[Note: Total membership claimed for the school and the JTED satellite locations for each student should not exceed 1.25. **A.R.S. §15-393(P)**]

12. For schools offering an AOI Program, based upon review of (____) AOI

students' attendance records for 4 weeks: (ADE's Policies and Procedures Manual, [SF-0003](#))

- 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? **A.R.S. §15-808(E)**
 - 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? **A.R.S. §15-808(B)**
 - d. Was the student's Intended Full Time Equivalency Enrollment Statement maintained?
13. Based on review of the student's attendance records in question 12, did the school follow its procedures, to re-determine the actual FTE for each student enrolled in an AOI Program, following a student's withdrawal or after the end of the school year?
14. 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? **A.R.S. §15-901(A)(1)**
15. Based upon review of (____) students' attendance records, does the student's name entered in the student management system match the name on the legal document on file? **A.R.S. §15-828(D)**

For questions 16 and 17, use the following sample sizes:

SCHOOLWIDE ADM	Entries/Withdrawals
<1,000	5
1,000-5,000	10
>5,000	15

16. Based upon review of (____) entries: (**Note:** Enrollment forms are not required for continuing students at the same school.)
- a. Were the 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 teachers' 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?

- e. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? **A.R.S. §15-802(B)(1) and ADE’s Arizona Residency Documentation Guidelines**
- f. If a student was a nonresident of Arizona, was the student excluded from the school’s student count and state aid calculations? **A.R.S. §15-823(K)**
- g. If the school admitted students who were nonresidents of Arizona, was tuition charged, as applicable? **A.R.S. §15-823**

17. 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? (**Note:** “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 10th day of unexcused absence for students withdrawn for having ten consecutive unexcused absences.)
- b. Did the withdrawal date in the computerized attendance system agree to the withdrawal form? (**Note:** 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? **A.R.S. §15-827**

For question 18, use the following sample sizes:

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

18. 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?

19. 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?

20. 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 or AzEDS, for current fiscal year data submission, whichever is later)? **A.R.S. §§15-901(A)(1) and 15-1042(G)**

21. Based upon review of the school’s ~~40th~~ and 100th day information uploaded to ADE (ADMS 75-1 or equivalent report in AzEDS), did the membership and absences agree to the school’s computerized attendance system records? (**Note:** For an AOI Program, review year-end attendance information.)

RECORDS MANAGEMENT

Did the school retain records in accordance with the *General Retention Schedules for Education K-12* published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? (www.azlibrary.gov/arm/retention-schedules)

OPEN MEETING LAW A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion I00-009)

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 given that includes a copy of each notice that was posted and information regarding the date, time, and place of posting?
4. Were notices and agendas of public meetings posted at least 24 hours before the meeting?
5. Were written minutes prepared or a recording made of Governing Body meetings?

PERSONNEL

1. Did the school have valid fingerprint clearance cards for 100% of the required personnel as of the testing date? **A.R.S. §15-183(C)(5) and A.R.S. §15-512(H)**

(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 FCC, please

This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on page 2.

Audit Firm

Date

Preparer's Signature (Audit Firm Representative)

Title

APPENDIX D

**PROPOSED FY17 PROCUREMENT
COMPLIANCE QUESTIONNAIRE**



ARIZONA STATE BOARD FOR CHARTER SCHOOLS
PROCUREMENT COMPLIANCE QUESTIONNAIRE

Charter/CTDS _____

Fiscal Year Ended _____

INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are subject to procurement laws (charters that do NOT have an exception). If a charter is subject to procurement requirements, this questionnaire should be completed in conjunction with the Legal Compliance Questionnaire or the Uniform System of Financial Records for Charter Schools Compliance Questionnaire (see audit guidelines) which are available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

A.R.S. §15-213(F) requires schools to have a systematic review of their purchasing practices performed in conjunction with their audits. The purpose of this review is to determine whether the charter is in compliance with procurement laws. In order to determine whether a charter is complying with applicable procurement requirements, the auditors must complete the following Procurement 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.

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Procurement 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 Procurement 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.

Procurement Compliance Questionnaire¹

DISBURSEMENTS	YES/NO	COMMENTS
1. Were the responsibilities of disbursement processing (check preparation, recordkeeping, and authorization) separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?		
2. Were all disbursements approved by the Governing Board?		
3. Did the Governing Board approve all long-term contracts before the contracts were executed?		
4. Did the school ensure that sufficient cash and budget capacity was available before authorizing disbursements?		
5. Were prenumbered and numerically-controlled purchase orders prepared for all school disbursements (except for exempted items such as salaries and related costs, utilities, and in-state travel) and were they approved by personnel authorized by the Governing Board before goods or services were ordered?		
6. If the school used blanket purchase orders, did they cover a definite time period and specify an expenditure limit?		
7. Were receiving reports prepared for all goods and services received, except for exempted items? Was the date of receipt, quantity received, and signature of the recipient noted on each receiving report?		

¹ 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.

For Disbursements questions 8, 10, and 11, the audit firm must select and test a specified number of procurements performed during the fiscal year based on the School’s average daily membership (ADM) as shown in the table below. Auditors should consider multiple transactions with vendors, purchases of like items, and multi-year contracts to determine the appropriate level of competitive purchasing required. However, question 8 should be answered only for contracts awarded during the fiscal year.

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.

ADM	SAMPLE SIZE
<1,000	5
1,000-5,000	10
>5,000	15

In the parentheses provided in questions 8, 10, and 11, indicate the actual number of procurements tested. If all procurements were tested, indicate such in the “Comments” column. For question 8, at least 40 percent of the number of procurements tested must be for purchases made through competitive sealed bids and at least 40 percent of the number of procurements tested must be for purchases made through competitive sealed proposals. If these 40 percent thresholds cannot be met due to an inadequate population size, the audit firm must test all procurements made through competitive sealed bids or made through competitive sealed proposals. Of the procurements selected above, at least one procurement should be for traditional construction (design-bid-build), and at least one procurement should be for qualified select bidders list (Question 8.d), or construction-manager-at-risk, design-build, job order contracting (Question 8.e), if applicable.

	YES/NO	COMMENTS
8. Based upon review of (____) procurements [__competitive sealed bids and __competitive sealed proposals] for the procurement of construction, materials, and services that exceeded \$100,000, did the school follow the School District Procurement Rules (R7-2-1001 et seq):		
a. For purchases made through competitive sealed bidding or competitive sealed proposals, did the school:		
1) Give adequate notice of the invitation for bid (IFB) or request for proposal (RFP)? R7-2-1022 or R7-2-1042(C).		
2) Compile and maintain a list of persons who requested to be added to a list of prospective bidders, if any? R7-2-1023.		
3) Issue the IFB or RFP at least 14 days before the time and date set for bid opening or the closing date and time for receipt of proposals, as applicable, unless a shorter time was determined necessary? R7-2-1024(A) or R7-2-1042(B).		

<p>4) Include all required information in the IFB or RFP? (Note: If the answer is “No”, the “Comments” should specifically indicate which requirements were not complied with.) R7-2-1024(B) or R7-2-1042(A).</p>		
<p>5) Stamp sealed bids or proposals with the time and date upon receipt and store bids or proposals unopened until the time and date set for opening? R7-2-1029 or R7-2-1045.</p>		
<p>6) If a multiple award was made for the IFB or RFP did the school:</p>		
<p>i. Establish and follow procedures for the use of multiple award contracts? R7-2-1031(D) and R7-2-1050(C).</p>		
<p>ii. Include in the solicitation(s) notification that multiple contracts may be awarded, the school’s basis for determining whether to award multiple contracts, and the criteria for selecting vendors for the multiple contracts? R7-2-1031(C) and R7-2-1050(B).</p>		
<p>iii. Determine, with the specific reason(s) in writing, that a single award was not advantageous to the school and retain documentation that supported the basis for the multiple award? R7-2-1031(D) and R7-2-1050(C).</p>		
<p>iv. Limit contract awards to the least number of suppliers necessary to meet the school’s requirements? R7-2-1031(D) and R7-2-1050(C).</p>		
<p>7) For contracts where only one responsive bid or proposal was received, determine that the price submitted was fair and reasonable and that either other prospective offerors had reasonable opportunity to respond or there was not adequate time for resolicitation, and retain documentation that supported the basis for the determination? R7-2-1032 or R7-2-1046(A)(1).</p>		

<p>b. For purchases made through competitive sealed bidding, did the school award contracts to the lowest responsible and responsive bidder whose bid conformed, in all material respects, to the requirements and evaluation criteria set forth in the IFB? (Note: If the answer is “No”, the “Comments” should specifically indicate which requirements were not complied with.) R7-2-1031.</p>		
<p>c. For purchases made through competitive sealed proposals, did the school award the contract to the offeror whose proposal was determined, with specific reason(s) in writing, to be most advantageous to the school based on the factors set forth in the RFP and retain documentation that supported the basis for the determination? (Note: If the answer is “No”, the “Comments should specifically indicate which requirements were not complied with.) R7-2-1050.</p>		
<p>d. If the school used a qualified select bidders list to procure construction services, did the school comply with the requirements of R7-2-1101?</p>		
<p>e. If the school used construction-manager-at-risk, design-build, or job-order-contracting to procure construction services, did the school comply with the requirements of R7-2-1102 through R7-2-1115?</p>		
<p>f. If the school procured goods and information services using reverse auctions or electronic bidding, did the school comply with the requirements of R7-2-1018, R7-2-1021 or R7-2-1041?</p>		
<p>g. For purchases made through the Simplified School Construction Procurement Program, did the school follow the requirements of R7-2-1033? (Note: If the answer is “No”, the “Comments” should specifically indicate which requirements were not complied with.)</p>		
<p>h. If the school used a consultant(s) or advisory group(s) to assist with the specifications or procurement in specific areas, did the school comply with the requirements of R7-2-1008?</p>		
<p>9. Did the school have signed conflict of interest disclosures filed for any employee or non-employee evaluation committee members? R7-2-1008 and R7-2-1015.</p>		
<p>10. Based upon review of (____) purchases costing at least \$10,000 but less than \$50,000, did the school obtain and document oral price quotations from at least three vendors and follow the guidelines for oral price quotations prescribed by the USFRCS?</p>		

11. Based upon review of (____) purchases costing at least \$50,000 but less than \$100,000, did the school obtain written price quotations from at least three vendors and follow the guidelines for written price quotations prescribed by the USFRCS?		
12. If the school used multi-term contracts for any of the procurements tested in question 8:		
a. Were the terms and conditions of renewal or extension, if any, included in the solicitation for bids or proposals, and were monies available for the first fiscal year at the time of contracting? A.R.S. §15-213(K) and R7-2-1093.		
b. For materials or services and contracts for job-order-contracting construction services that were entered into for more than 5 years, did the Governing Board determine in writing that a contract of a longer duration would be advantageous to the school before the procurement solicitation was issued? A.R.S. §15-213(K) and R7-2-1093.		
13. Based upon review of <u>all</u> emergency and sole source procurements:		
a. Was the basis for each emergency procurement reasonable and did the school retain a written statement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and was such statement signed by the individual authorized to initiate emergency procurements? R7-2-1055 and R7-2-1056.		
b. Was the basis for the sole source procurement reasonable and did the school retain the Governing Board’s written determination that there was only one source for required materials, service, or construction items purchased? R7-2-1053.		
14. Were purchases under current General Services Administration (GSA) contracts authorized by the Governing Board and limited to items included in contracts on GSA schedule 70-IT and schedule 84-Law Enforcement?		
15. Did the Governing Board determine in writing that all of the criteria listed in A.R.S. §15-213(J) applied before authorizing purchases under a GSA contract?		
16. Did the school maintain a current cooperative purchasing agreement for each cooperative used? R7-2-1191 through R7-2-1195.		
17. Did the school perform adequate due diligence for each cooperative the school made purchases through during the audit period to help ensure that those purchases were in compliance		

<p>with the School District Procurement Rules? (Note: Indicate below each cooperative the school purchased through and whether due diligence was adequate.)</p> <p>Cooperative:</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p>
18. Were cash disbursements made by prenumbered and numerically controlled checks?		
19. Were checks properly completed prior to issuance and not written payable to cash or bearer?		
20. Were unused checks physically safeguarded and access to them limited to authorized personnel who did not have access to the signature facsimile plates?		
21. Were the signature facsimile plates physically safeguarded and access to them limited to a minimum number of employees who did not have access to the blank checks?		
22. Did the accounts payable function include maintaining documentation and matching receiving reports, vendor invoices, and purchase orders before payment?		
23. Were checks compared to supporting documentation and the check register before distribution?		
24. Was supporting documentation, including invoices, stamped "paid" or otherwise marked to prevent duplicate payments?		
25. Were expenses prepaid only when prepayment is normally required to procure the item or the item must be prepaid to receive a discounted price?		
26. Did the school prepare a list of goods or services received but not paid for on or before fiscal year-end?		

This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on page 2.

 Audit Firm

 Preparer's Signature (Audit Firm Representative)

 Date

 Title