
AGENDA ITEM: Compliance Matters – Annual Financial Audits**Issue**

The charter holders listed on the agenda failed to submit their fiscal year 2018 annual financial statement and compliance audits (“audit”), which were due to the Board on November 15, 2018.

General Background – Audits

[A.R.S. §15-183\(E\)\(6\)](#) and [A.R.S. §15-914](#) require charter schools to annually submit a financial audit and compliance questionnaire. For many of the Board’s charters, the audit is due 4-1/2 months after the end of the fiscal year – November 15th. In accordance with Arizona Administrative Code R7-5-504(E), a charter holder that fails to submit a complete audit reporting package by the audit deadline may be subject to charter oversight.

Charters that expend over \$750,000 in federal funds are required to submit a single audit. The single audit and questionnaire for fiscal year ending June 30, 2018 are due March 31, 2019. Charters that fail to timely submit their single audits and questionnaires will be brought before the Board in April.

Background Information Specific to Charter Holders Listed on Agenda

For the fiscal year 2018 audit cycle, the Board expects to receive 410 audits – 312 financial statement audits and 98 single audits. As of the writing of this report, the Board has received 306 of the 312 financial statement audits, which were due by November 15, 2018, and 20 of the 98 single audits, which are due by March 31, 2019.

On November 16, 2018, Board staff sent an email to the 10 charter holders who did not submit their fiscal year 2018 audits by the November 15th deadline. Subsequently, four of the charter holders submitted their audits. The remaining six charter holders have been grouped on the agenda by the number of consecutive years they have failed to timely submit their audits.