
AGENDA ITEM: Compliance Matters – Annual Financial Audits (Agenda Item O1)

Issue

The charter holders listed on the agenda failed to submit their fiscal year 2017 annual financial statement and compliance audits (“audit”), which were due to the Board on November 15, 2017.

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, 2017 are due March 31, 2018. 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 2017 audit cycle, the Board expects to receive 416 audits – 333 financial statement audits and 83 single audits. As of the writing of this report, the Board has received 320 of the 333 financial statement audits, which were due by November 15, 2017, and 8 of the 83 single audits, which are due by March 31, 2018.

The charter holders that failed to timely submit their fiscal year 2017 audits are identified with agenda items O1 and O2. For agenda item O1, the charter holders have been grouped by the number of consecutive years they have failed to timely submit their audits.

Second Consecutive Year Late

The three charter holders listed under “Second Consecutive Year Late” failed to timely submit their audits for fiscal years 2016 and 2017. Please see the table below.

Charter Holder	Fiscal Year 2016 Audit
Franklin Phonetic Primary School, Inc. (Entity ID 4495)	Audit received prior to November Board meeting. No Board action taken.
Franklin Phonetic Primary School, Inc. (Entity ID 92596)	Audit received prior to November Board meeting. No Board action taken.
Imagine Elementary at Tempe, Inc.	Audit received prior to November Board meeting. No Board action taken.