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**AGENDA ITEM:** Compliance Matters – Annual Financial Audits (Agenda Item O2)

**Issue**

Life Skills Center of Arizona, Inc. has failed to timely submit its fiscal year 2017 annual financial audit and compliance questionnaire (“audit”) as required by A.R.S. §15-183(E)(6) and its January 2015 consent agreement with the Board.

**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. The audit is due 4-1/2 months after the end of the fiscal year – November 15<sup>th</sup>.

**Life Skills Center of Arizona, Inc.**

As a result of the charter holder’s past failures to timely submit its annual audits, in January 2015, the Board approved a consent agreement with Life Skills Center of Arizona, Inc. (“Life Skills”). Under the Consent Agreement’s terms, Life Skills agreed to submit a complete fiscal year 2015 audit reporting package and all subsequent fiscal year audit reporting packages by the audit deadline. Pursuant to the consent agreement, if Life Skills fails to comply with the terms and conditions of the agreement, the Board may, on no less than 30 calendar days notice, hold a hearing at which time the Board will receive information to determine whether evidence exists that Life Skills failed to comply with the terms and conditions of the agreement. If the Board determines a breach of the agreement has occurred, the Board may revoke Life Skills charter and terminate its charter contract.

The information below reflects Life Skills’ audit history since the consent agreement has been in place:

Fiscal Year 2015 – On time

Fiscal Year 2016 – Audit submitted on November 21, 2016 was considered timely submitted due to issues that arose during the Arizona Department of Education’s (ADE) transition to a new student data system in fiscal year 2016 and because the charter holder had filed a 915 request with ADE to revise its attendance data.

Fiscal Year 2017 – Late (Not Yet Received)