
AGENDA ITEM: Compliance Matters – Annual Financial Audits

Issue

The charter holders listed on the agenda failed to submit their fiscal year 2019 annual financial statement and compliance audits (“audit”), which were due to the Board on November 15, 2019.

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, 2019 are due March 31, 2020. 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 2019 audit cycle, the Board expects to receive 408 audits – 305 financial statement audits and 103 single audits. As of the writing of this report, the Board has received 290 of the 305 financial statement audits, which were due by November 15, 2019, and 9 of the 103 single audits, which are due by March 31, 2020.

On November 16, 2019, Board staff sent an email to the 15 charter holders who did not submit their fiscal year 2019 audits by the November 15th deadline. The 15 charter holders have been grouped on the agenda by the number of consecutive years they have failed to timely submit their audits. One charter holder, Florence Crittten Services of Arizona, Inc., submitted an incomplete audit reporting package only providing the Legal Compliance Questionnaire by the audit deadline.

Second Consecutive Year Late

The charter holders listed under “Second Consecutive Year Late” failed to timely submit their audits for fiscal years 2018 and 2019. Please see the table below.

Charter Holder	Fiscal Year 2018 Audit
EduPreneurship, Inc.	Audit submitted five days late.
Park View School, Inc.	Audit received prior to December Board meeting. No Board action taken.
Vision Charter School, Inc.	Board approved withholding at December Board meeting. Audit was received on February 27, 2019. Funds withheld for three months.