

## Arizona Charter Schools Legal Compliance Questionnaire—FY 2020 Addendum

We understand charter schools and audit firms were faced with complex accounting-related issues resulting from COVID-19 and the State-wide school closure announced on March 15, 2020, and extended through the 2019-2020 school year by the Governor and Superintendent of Public Instruction. The Arizona Department of Education (ADE) guidance stated that the school closure was not a complete shutdown of school operations as schools provided continuity in education and critical services during this time. Although the methods of performing operations may have changed to comply with social distancing recommendations, the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) and statutory requirements still applied.

Because of the challenges schools faced in all aspects of operations to comply with the State's COVID-19 Executive Orders, we know instances of noncompliance may have occurred, and we will take that into consideration when we evaluate the fiscal year 2020 legal compliance questionnaire. As such, if schools modified their existing internal controls because they could not accomplish critical tasks following their typical business processes, at a minimum, schools should have documented those modified processes and decisions even if it was after the school had resumed normal operations to assist the audit firm perform the fiscal year 2020 audit.

We want to assure you that we are sensitive to these issues and understand there will need to be some flexibility regarding responses to the FY 2020 legal compliance questionnaire. Audit firms should consider adding additional information for cited deficiencies to provide detail and context. If a school's established processes were not practical in the COVID-19 environment, here are some areas to consider when performing audit test work:

- **Governing Board meetings and expenditure approvals**—The Attorney General issued Opinion [120-002](#) regarding public meetings to comply with social distancing recommendations. Charters may have already had procedures in place for Governing Board members to approve disbursements in between meetings using an electronic approval process, such as electronic signatures, or implemented similar procedures to comply with the State's social distancing recommendations and Executive Orders.
- **Student attendance**—Auditors should verify that the school maintained documentation to demonstrate it provided general educational opportunities to meet the requirements for instructional days and hours as described in [ADE's guidance](#). Further, the State Board of Education approved ADE's waiver for the requirement in Arizona Revised Statute §15-901(A)(1) to submit absence data every 60 days during the school closures.