

House Engrossed

schools; accounting responsibility plans; counties

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

HOUSE BILL 2179

AN ACT

AMENDING SECTION 15-914.01, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT BUDGETING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-914.01, Arizona Revised Statutes, is amended
3 to read:

4 15-914.01. Accounting responsibility; definition

5 A. School districts may apply to the state board of education to
6 assume accounting responsibility.

7 B. A school district applying to the state board of education to
8 assume accounting responsibility shall develop and file with the COUNTY
9 SCHOOL SUPERINTENDENT OF THE COUNTY IN WHICH THE SCHOOL DISTRICT IS
10 LOCATED AND THE department of education an accounting responsibility plan
11 and document in the plan:

12 1. Administrative and internal accounting controls designed to
13 achieve compliance with the uniform system of financial records and the
14 objectives of this section, including:

15 (a) Procedures for approving, preparing and signing vouchers and
16 warrants.

17 (b) Procedures to ensure verification of administrators' and
18 teachers' certification records with the department of education for all
19 classroom and administrative personnel required to hold a certificate by
20 the state board of education pursuant to section 15-203 before issuing
21 warrants for their services.

22 (c) Procedures to account for all revenues, including allocation of
23 certain revenues to funds.

24 (d) Procedures for reconciling the accounting records monthly to
25 the county treasurer.

26 2. A compilation of resources required to implement accounting
27 responsibility, including, at a minimum, personnel, training and
28 equipment, and a comprehensive analysis of the budgetary implications of
29 accounting responsibility for the school district and the county
30 treasurer.

31 C. ~~Prior to~~ BEFORE January 1 of the fiscal year preceding the
32 fiscal year of implementation and before submitting an application to
33 assume accounting responsibility, a school district shall apply for
34 evaluation by the auditor general. On completion of the evaluation the
35 auditor general may recommend approval or denial of accounting
36 responsibility to the state board of education. The evaluation by the
37 auditor general shall be performed contingent on staff availability and
38 may be billed to the school district at cost. Evaluation at a minimum
39 shall include the following:

40 1. The most recent financial statements audited by an independent
41 certified public accountant.

42 2. The most recent report on internal control, report on compliance
43 and uniform system of financial records compliance questionnaire prepared
44 by an independent certified public accountant or procedural review
45 completed by the auditor general.

1 3. The working papers of the independent certified public
2 accountant responsible for auditing the school district, if deemed
3 appropriate by the auditor general.

4 4. A procedural review if deemed appropriate by the auditor
5 general.

6 D. BEFORE JANUARY 1 OF THE FISCAL YEAR PRECEDING THE FISCAL YEAR OF
7 IMPLEMENTATION AND BEFORE SUBMITTING AN APPLICATION TO ASSUME ACCOUNTING
8 RESPONSIBILITY, A SCHOOL DISTRICT SHALL APPLY FOR EVALUATION BY THE COUNTY
9 TREASURER OF THE COUNTY IN WHICH THE SCHOOL DISTRICT IS LOCATED. ON
10 COMPLETION OF THE EVALUATION THE COUNTY TREASURER OF THE COUNTY IN WHICH
11 THE SCHOOL DISTRICT IS LOCATED MAY RECOMMEND APPROVAL OR DENIAL OF
12 ACCOUNTING RESPONSIBILITY TO THE STATE BOARD OF EDUCATION. THE EVALUATION
13 BY THE COUNTY TREASURER OF THE COUNTY IN WHICH THE SCHOOL DISTRICT IS
14 LOCATED SHALL BE PERFORMED CONTINGENT ON STAFF AVAILABILITY AND MAY BE
15 BILLED TO THE SCHOOL DISTRICT AT COST. EVALUATION BY THE COUNTY TREASURER
16 AT A MINIMUM SHALL INCLUDE AN ANALYSIS OF THE COMPUTER PROGRAMMING
17 REQUIRED FOR THE COUNTY TO MANAGE THE SCHOOL DISTRICTS FUNDS.

18 ~~E.~~ E. School districts that are approved by the state board of
19 education to assume accounting responsibility shall contract with an
20 independent certified public accountant for an annual financial and
21 compliance audit. The auditor general may reevaluate the school district
22 annually based on the audit to determine compliance with the uniform
23 system of financial records. If permitted by federal law, a school
24 district may convert to a biennial audit schedule if the previous annual
25 audit conducted pursuant to this subsection did not contain any
26 significant negative findings. If a biennial audit of a school district
27 conducted pursuant to this subsection contains any significant negative
28 findings, the school district shall convert back to an annual audit
29 schedule. If a school district is required to convert back to an annual
30 audit schedule pursuant to this subsection because of significant negative
31 findings, the school district may subsequently convert to a biennial audit
32 schedule if the previous two annual audits did not contain any significant
33 negative findings. For the purposes of this subsection, "significant
34 negative finding" means a finding that results in the issuance of a letter
35 of noncompliance from the auditor general.

36 ~~E. F. To assume accounting responsibility a school district shall~~
37 ~~notify the county treasurer and the county school superintendent of its~~
38 ~~intention before March 1 of the fiscal year preceding the fiscal year of~~
39 ~~implementation.~~ On notification RECEIPT OF AN ACCOUNTING RESPONSIBILITY
40 PLAN AS PRESCRIBED IN SUBSECTION B OF THIS SECTION, the county treasurer
41 shall establish acceptable standards for interface by school districts
42 with the county treasurer, including specifications for computer hardware
43 and software compatibility and procedures to ensure the capacity of each
44 school district ~~for reconciliation of~~ TO RECONCILE accounts with those of
45 the county treasurer.

1 ~~F.~~ G. Any school district that fails to maintain accounting
2 standards as provided by the uniform system of financial records and that
3 is found to be in noncompliance with the uniform system of financial
4 records by the state board of education as provided in section 15-272 is
5 not eligible to participate in the program provided by this section.

6 ~~G.~~ H. Any school district that has assumed accounting
7 responsibility pursuant to this section, that fails to maintain accounting
8 standards as provided by the uniform system of financial records and that
9 is found to be in noncompliance with the uniform system of financial
10 records by the state board of education as provided in section 15-272 is
11 no longer eligible to participate in the program provided by this section.

12 ~~H.~~ I. For the purposes of this section, "accounting
13 responsibility" means authority for a school district to operate with full
14 independence from the county school superintendent with respect to
15 revenues and expenditures, including allocating revenues, monitoring
16 vouchers, authorizing and issuing warrants and maintaining and verifying
17 staff records for certification and payroll purposes.