

REFERENCE TITLE: schools; accounting responsibility plans; counties

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

# HB 2179

Introduced by  
Representative Udall

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 TREASURER AND THE COUNTY SCHOOL SUPERINTENDENT OF THE COUNTY IN WHICH THE  
10 SCHOOL DISTRICT IS LOCATED AND THE department of education an accounting  
11 responsibility plan 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. School districts that are approved by the state board of  
7 education to assume accounting responsibility shall contract with an  
8 independent certified public accountant for an annual financial and  
9 compliance audit. The auditor general may reevaluate the school district  
10 annually based on the audit to determine compliance with the uniform  
11 system of financial records. If permitted by federal law, a school  
12 district may convert to a biennial audit schedule if the previous annual  
13 audit conducted pursuant to this subsection did not contain any  
14 significant negative findings. If a biennial audit of a school district  
15 conducted pursuant to this subsection contains any significant negative  
16 findings, the school district shall convert back to an annual audit  
17 schedule. If a school district is required to convert back to an annual  
18 audit schedule pursuant to this subsection because of significant negative  
19 findings, the school district may subsequently convert to a biennial audit  
20 schedule if the previous two annual audits did not contain any significant  
21 negative findings. For the purposes of this subsection, "significant  
22 negative finding" means a finding that results in the issuance of a letter  
23 of noncompliance from the auditor general.

24           E. ~~To assume accounting responsibility a school district shall~~  
25 ~~notify the county treasurer and the county school superintendent of its~~  
26 ~~intention before March 1 of the fiscal year preceding the fiscal year of~~  
27 ~~implementation.~~ On notification RECEIPT OF AN ACCOUNTING RESPONSIBILITY  
28 PLAN AS PRESCRIBED IN SUBSECTION B OF THIS SECTION, the county treasurer  
29 shall establish acceptable standards for interface by school districts  
30 with the county treasurer, including specifications for computer hardware  
31 and software compatibility and procedures to ensure the capacity of each  
32 school district ~~for reconciliation of~~ TO RECONCILE accounts with those of  
33 the county treasurer.

34           F. Any school district that fails to maintain accounting standards  
35 as provided by the uniform system of financial records and that is found  
36 to be in noncompliance with the uniform system of financial records by the  
37 state board of education as provided in section 15-272 is not eligible to  
38 participate in the program provided by this section.

39           G. Any school district that has assumed accounting responsibility  
40 pursuant to this section, that fails to maintain accounting standards as  
41 provided by the uniform system of financial records and that is found to  
42 be in noncompliance with the uniform system of financial records by the  
43 state board of education as provided in section 15-272 is no longer  
44 eligible to participate in the program provided by this section.

1           H. For the purposes of this section, "accounting responsibility"  
2 means authority for a school district to operate with full independence  
3 from the county school superintendent with respect to revenues and  
4 expenditures, including allocating revenues, monitoring vouchers,  
5 authorizing and issuing warrants and maintaining and verifying staff  
6 records for certification and payroll purposes.