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ARIZONA TAX RESEARCH ASSOCIATION

ATRA SUPPORTS HB2106

Closing the Accountability Loop on School Audits

HB2106 makes several changes in Title 15 related to all public school audits and compliance questionnaires. There are four major changes:

1. **Compliance Questionnaire transparency:** All school districts and charters (LEAs) must complete an annual compliance questionnaire with their auditor to ensure compliance with state laws related to the uniform system of financial records (USFR). However, they are often difficult to find if a district has not made them available on their website. Also, independent auditors were not always making them available to county school superintendents as required by law. HB2106 requires LEAs (instead of private auditors) provide these documents (along with all financial audits) to the Department of Education who will make them publicly available on their website, as they already do with budgets and annual financial records (AFR).
2. **Board Awareness:** Elected school board members should be aware of all audits and compliance questionnaires. The public should also have the opportunity to see and comment on these reports at board meetings. HB2106 requires audits and questionnaires be publicly accepted by school boards.
3. **State Board of Education (SBE) Awareness:** When the SBE is brought a problem from the Auditor General on LEA misspending or noncompliance, there is little detail of the extent of the problem. This is the only meaningful opportunity for these issues to be made public, and the SBE should have the detail to understand the nuance of the situation. The change in 15-271 requires the Auditor General provide the same details it provides ADE to the SBE so they can make decisions with full context.
4. **Requirement simplification:** A.R.S. §15-905 is changed to no longer require school districts file their budgets with the county school superintendent, which is a historical requirement that is no longer necessary. Budgets are electronically passed to ADE for acceptance, where counties can easily access them.

Public documents like audits and questionnaires should be publicly available and easy to find. HB2106 helps close the accountability loop on these documents. Importantly, it will help the SBE make decisions how to manage noncompliant LEAs by providing them more context. Lastly, it removes an outdated requirement for school districts related to budget posting. **ATRA encourages lawmakers to vote Yes on HB2106.**