



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature  
First Regular Session

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**HB 2018: schools; audits; financial records; budgets**  
**Sponsor: Representative Udall, LD 25**  
**Committee on Education**

## **Overview**

Changes reporting requirements for deficiencies in the Uniform System of Financial Records (USFR), adopted budget filing requirements and acceptance of audits and compliance questionnaires for school districts and charter schools.

## **History**

Statute requires the Auditor General (OAG) to determine the accounting systems, accounting methods and procedures that are to be utilized for accounting purposes by all school districts in the state. The OAG, in conjunction with the Arizona Department of Education (ADE), is also required to prescribe the USFR, or the accounting and financial reporting manual for all school districts ([A.R.S. § 15-271](#)). As part of its duties, the OAG must detail in writing the deficiencies of a school district system in maintaining the USFR; school districts are then given 90 days to correct the deficiencies. A school district's failure to maintain the USFR or correct deficiencies must be reported by the OAG to ADE.

Currently, school district governing boards are required to file the school district's adopted final budget with the county school superintendent, Superintendent of Public Instruction (SPI) and ADE by July 18. If the school district's final adopted budget exceeds the general budget limit or the unrestricted capital budget limit, the governing board is required by law to adjust its budget and expenditures. After adjustment, the governing board is required to file the district's adopted revised budget with the county school superintendent and SPI by December 18. In both cases, the county school superintendent is required to immediately submit the school district's budget to the county board of supervisors ([A.R.S. § 15-905](#)).

## **Provisions**

1. Adds SBE to the entities the OAG must report to when a school district fails to establish and maintain the USFR or fails to correct deficiencies in the school district system. (Sec. 1)
2. Requires the OAG to detail in writing the deficiencies of the school district system in its report to ADE and SBE. (Sec. 1)
3. Eliminates the requirement that a school district governing board file its adopted budget and adopted revised budget with the county school superintendent and that the county school superintendent transmit a copy to the board of supervisors. (Sec. 2)
4. Requires a school district or charter school to send a paper or electronic copy of audit reports to the county school superintendent and ADE. (Sec. 3)
5. Directs ADE to make audit reports available on its website. (Sec. 3)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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6. Mandates all school district governing boards and charter school governing bodies accept all audits and compliance questionnaires by roll call vote. (Sec. 3)
7. Makes technical changes. (Sec. 1, 2, 3)