



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

ENACTED

FACT SHEET FOR H.B. 2018/S.B. 1164

schools; audits; financial records; budgets

Purpose

Revises the Uniform System of Financial Records (USFR) for school districts and charter schools including reporting requirements, budget information and financial and compliance audits.

Background

Statute requires the Auditor General (OAG) to determine the accounting systems, methods and procedures used for accounting purposes by all school districts. The OAG in conjunction with the Department of Education (ADE), also prescribes the USFR, used by all school districts each fiscal year. The OAG reports to ADE if a school district fails to maintain the USFR or fails to correct deficiencies within 90 days after receiving notice ([A.R.S. § 15-271](#)).

A school district governing board (governing board) must file an adopted budget with the county school superintendent (county superintendent) who must immediately file a copy with the board of supervisors. Additionally, the adopted budget must be filed with the Superintendent of Public Instruction (SPI) and ADE by July 18.

If the adopted budget exceeds the general budget limit or the unrestricted capital budget limit, the governing board must adjust the budget and expenditures accordingly. The revised budget must be filed by December 18 with the county superintendent and SPI with a copy transmitted to the board of supervisors ([A.R.S. § 15-905](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Adds the State Board of Education (SBE) to the required entities to which the OAG must report when a school district fails to maintain the USFR or fails to correct deficiencies.
2. Requires the OAG to detail the school district deficiencies in writing in its report to ADE and the SBE.
3. Removes the requirement that a governing board file its adopted and revised budget with the county superintendent and that the county superintendent transmit a copy to the board of supervisors.

4. Requires a school district or charter school, rather than an independent certified public accountant, to send a paper or electronic copy of the applicable audit reports to the county superintendent and ADE.
5. Requires ADE to make the audit reports available on its website.
6. Requires a governing board or a charter school governing body to publicly accept all audits and compliance questionnaires by roll call vote.
7. Makes technical and conforming changes.
8. Becomes effective on the general effective date.

House Action

ED 1/12/21 DP 10-0-0-0
3rd Read 1/28/21 58-0-2

Senate Action

ED 1/26/21 DP 8-0-0
3rd Read 2/4/21 29-0-1
(H.B. 2018 was substituted for S.B. 1164 on
3rd Read)

Signed by the Governor 2/12/21
Chapter 7

Prepared by Senate Research
March 10, 2021
JO/JS/gs