



Making something amazing.

Adopted: 3-4-18

726 ANNUAL AUDIT

I. PURPOSE

According to Minn. Stat. §124E.16, The Studio School is subject to the same financial audit requirements as a school district. Therefore, the purpose of this policy is to state the obligations of The Studio School with regard to compliance with Minn. Stat. §124E.16.

II. GENERAL STATEMENT OF POLICY

It is the policy of The Studio School to comply with all laws and rules relating to the annual audit of The Studio School's books, records and financial matters.

III. STANDARDS AND REQUIREMENTS FOR CONDUCTING THE AUDIT:

- A. The Studio School Board of Directors will contract with a certified public accountant to audit, examine and report on the school's financial data.
- B. Audits must be conducted according to generally accepted governmental auditing standards, in compliance with state and federal law including Minn. Stat. §123B.75-.83, unless a deviation from the standard is approved by the Commissioner of Education and school authorizer due to the program of the school. The specific provisions with which the Board must comply include, but are not limited to the following:
 - A. Prior to September 15 of each year, the Board shall ensure that unaudited financial data for the preceding year has been submitted to the Commissioner of Education on forms prescribed by the Commissioner and should include information required by Minn. Stat. §123B.14 subd. 7.
 - B. Prior to November 30 of each year, the Board shall provide to the Commissioner audited financial data for the preceding fiscal year. The Board shall, prior to December 31 of each year, provide the Commissioner and the State Auditor an audited financial statement in a manner that enables comparison with and correction of material differences in the unaudited data.
 - C. The audited financial statement will include a statement of assurance pertaining to compliance with uniform financial accounting and reporting standards and a copy of the management letter submitted to the school district by its auditor.

- D. The audit must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act and the Minnesota Legal Compliance Guide issues by the Office of the State Auditor.
- C. Board Approval. The Studio School Board of Directors must approve the audit report by resolution or require a further or amended report.
- D. Administration. The Administration shall report to the Board any actions necessary to correct any deficiencies or exceptions noted in the audit.
- E. Annual Report Submission. A financial audit report, along with a copy of all service agreements or contracts and management agreements with the school's authorizer over the lesser of \$100,000 and/or ten percent of the school's most recent annual audited expenditures, must be submitted by The Studio School to the Commissioner of the Minnesota Department of Education and its authorizer by December 31 of each year. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services.
- F. Additional Reporting for Tax-Exempt Organizations. If the charter school is a tax-exempt organization according to the Internal Revenue Service (IRS), the school must also file a copy of its annual return under section 6033 of the Internal Revenue Code to the Commissioner of Minnesota Department of Education and authorizer by February 15 of each year.
- G. Additional Reporting of Material Weakness. If a material weakness exists in the financial audit report, The Studio School must submit a written report to the Commissioner regarding how the material weakness will be resolved.
- H. Compliance Audits. The Minnesota Department of Education, state auditor, legislative auditor, or authorizer may conduct their own audit.
- I. Statutory Operating Debt. If The Studio School is determined to be in statutory operating debt, a plan to address such debt must be submitted according to Minn. Stat. § 123B.81, subd. 4.

Legal References:

Minn. Stat. § 124E.16 (Charter Schools – Reports)

Minn. Stat. §123B.77 (Accounting, Budgeting, and Reporting Requirement)

Minn. Stat. Chapter 6 (State Auditor)