

Adoption: 21 December 2010

Revision History:

25 March 2013
22 August 2018
27 April 2023
27 July 2023
22 August 2024

Last Board Review:

24 July 2025

Next Board Review:

2028-2029

I. PURPOSE

The purpose of this policy is to provide for an annual audit of the books and records of Kaleidoscope Charter School (KCS) in order to comply with law, to provide a permanent record of the financial position of KCS, and to provide guidance to KCS to correct any errors and discrepancies in its practices.

II. GENERAL STATEMENT OF POLICY

The policy of KCS is to comply with all laws relating to the annual audit of the books and records of KCS.

III. REQUIREMENT

- A. The charter school board shall appoint independent certified public accountants to audit, examine and report upon the books and records of KCS. The charter school board may enter into a contract with a person or firm to provide the agreed upon services.
- B. After the close of each fiscal year, the books, records and accounts of KCS shall be audited by said independent certified public accountants in accordance with applicable standards and legal requirements. The Executive Director and members of the administration shall cooperate with the auditors.
- C. The audit must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, if applicable, Minnesota Statutes section 6.65, and the Minnesota Legal Compliance Audit Guide for School Districts issued by the Office of the Minnesota State Auditor.
- D. The charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under Minnesota Statutes section 124E.16.
- E. The audit must comply with the requirements of Minnesota Statutes sections 123B.75 to 123B.83 governing school district finance, except when the commissioner and authorizer approve a deviation made necessary because of school program finances. The commissioner, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits.
- F. A charter school in statutory operating debt under Minnesota Statutes sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.
- G. KCS shall, prior to September 15 of each year, submit unaudited financial data for the preceding year to the Commissioner of the Minnesota Department of Education (Commissioner) on forms prescribed by the

Commissioner. The report shall also include those items required by Minnesota Statutes section 123B.14, Subd.subdivision 7.

- H. KCS shall, prior to November 30 of each year, provide to the Commissioner audited financial data for the preceding fiscal year. KCS shall, prior to December 31 of each year, provide to the Commissioner and the State Auditor an audited financial statement in a form that will allow comparison with and correction of material differences in the unaudited data. The audited financial statement must also provide a statement of assurance pertaining to compliance with uniform financial accounting and reporting standards and a copy of the management letter submitted to KCS by its auditor.
- I. The charter school must submit an audit report, including all supplemental information included in an audit, to the Commissioner and its authorizer annually by December 31. The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information: (1) a copy of any management agreements with a charter management organization or an educational management organization and (2) a copy of service agreements or contracts over the lesser of \$100,000 or ten percent of the school's most recent annual audited expenditures. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986. The charter school independent audit report shall include audited financial data of an affiliated building corporation under section 124E.13, subdivision 3, or other component unit.
- J. If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the charter school will resolve that material weakness. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request.
- K. The administration shall report to the charter school board regarding any actions necessary to correct any deficiencies or exceptions noted in the audit.
- L. The administration shall report to the charter school board regarding any actions necessary to correct any deficiencies or exceptions noted in the audit.
- M. The accounts and records of KCS shall also be subject to audit and inspection by the State Auditor to the extent provided in Minnesota Statutes chapter. 6.
- N. KCS shall, by November 30 of each year, provide to VOA audited financial data for the preceding fiscal year.
- O. KCS shall, by November 30 of each year, provide to Wells Fargo audited financial data for the preceding fiscal year.

IV. Authorizer Performance Evaluation Report

- A. The charter school must publish on its website the formal written performance evaluation from its authorizer and disseminate the evaluation to enrolled families in languages they understand, consistent with the school's language access plan under Minnesota Statutes, section 124E.03, subdivision 9, paragraph (b).

- B. Evaluations must be published on the charter school's website within 15 business days of receipt of the evaluation by the charter school and for at least 365 days from the date of publication.

Legal References:

Minn. Stat. Ch. 6 (State Auditor)
Minn. Stat. § 6.65 (Minimum Procedures for Auditors, Prescribed)
Minn. Stat. Ch. 118A (Deposit and Investment of Public Funds)
Minn. Stat. § 123B.77 (Accounting, Budgeting, and Reporting Requirement)
Minn. Stat. § 124E.07 (Board of Directors)
Minn. Stat. § 124E.14 (Conflicts of Interest)
Minn. Stat. § 124E.16 (Reports)
Minn. Stat. § 471.425 (Prompt Payment of Local Government Bills)

Cross References: MSBA/MASA Model Policy 702 (Accounting)

Note: The applicability and enforceability of this policy 703 is limited to, and qualified by, Minnesota or Federal law that, at the time any such circumstance within the scope of the policy arise, may be contrary to some aspect or all of the policy

PAGE INTENTIONALLY LEFT BLANK