

124E.16 REPORTS.

Subdivision 1. **Audit report.** (a) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under this subdivision. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65 governing auditing procedures. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06 governing government property and financial investments; and sections 471.38; 471.391; 471.392; and 471.425 governing municipal contracting. The audit must comply with the requirements of 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. A charter school in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(b) The charter school must submit an audit report to the commissioner and its authorizer annually by December 31.

(c) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information: (1) a copy of management agreements with a charter management organization or an educational management organization and (2) 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.

(d) A 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.

(e) 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.

Subd. 2. **Annual public reports.** (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11 governing the world's best workforce. A charter school must post the annual report on the school's official Web site. A charter school also must distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.

(b) An authorizer must submit an annual public report in a manner specified by the commissioner by January 15 for the previous school year ending June 30 that shall at least include key indicators of school academic, operational, and financial performance. The report is part of the system to evaluate authorizer performance under section 124E.05, subdivision 5.

History: 1991 c 265 art 9 s 3; 1993 c 224 art 14 s 16; 1994 c 465 art 2 s 1; 1Sp1995 c 3 art 9 s 2; art 16 s 13; 1998 c 397 art 2 s 6,12,164; art 11 s 3; 1998 c 398 art 5 s 55; 2000 c 489 art 6 s 19; 1Sp2001 c 6

art 2 s 22,23; 2003 c 130 s 12; 2009 c 96 art 2 s 41; 2010 c 382 s 27; 1Sp2011 c 11 art 2 s 29; 2013 c 116 art 4 s 1; 2014 c 272 art 3 s 37; 1Sp2015 c 3 art 4 s 4,6,10; 2016 c 189 art 26 s 12; art 28 s 7