

REFERENCE TITLE: charter school meetings; reporting; audits

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1517

Introduced by
Senator Quezada

AN ACT

AMENDING SECTIONS 15-181 AND 15-183, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-183.02; AMENDING SECTIONS 15-184, 15-189.02 AND 15-189.03, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-189.07; AMENDING SECTIONS 15-213 AND 15-914.02, ARIZONA REVISED STATUTES; REPEALING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 25; AMENDING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 3, SECTION 11; AMENDING SECTION 41-1279.04, ARIZONA REVISED STATUTES; RELATING TO CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-181, Arizona Revised Statutes, is amended to
3 read:

4 15-181. Charter schools; purpose; scope; open meetings;
5 public records; posting; exceptions; definition

6 A. Charter schools may be established pursuant to this article to
7 provide a learning environment that will improve pupil achievement.
8 Charter schools provide additional academic choices for parents and
9 pupils. Charter schools may consist of new schools or all or any portion
10 of an existing school. Charter schools are public schools that serve as
11 alternatives to traditional public schools, and charter schools are not
12 subject to the requirements of article XI, section 1, Constitution of
13 Arizona, or title 41, chapter 56.

14 B. Charter schools shall comply with all provisions of this article
15 in order to receive state funding as prescribed in section 15-185.

16 C. EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION, CHARTER
17 SCHOOLS, CHARTER SCHOOL GOVERNING BODIES, CHARTER SCHOOL SPONSORS, CHARTER
18 HOLDERS, CHARTER SCHOOL OPERATORS, CORPORATE BOARDS OF DIRECTORS OF
19 CHARTER SCHOOL OPERATORS AND MANAGEMENT ORGANIZATIONS THAT CONTRACT WITH
20 CHARTER SCHOOLS SHALL COMPLY WITH BOTH OF THE FOLLOWING:

21 1. THE OPEN MEETING REQUIREMENTS PRESCRIBED IN TITLE 38, CHAPTER 3,
22 ARTICLE 3.1. NOTICES OF PUBLIC MEETINGS, AGENDAS AND MINUTES MUST BE
23 PROMINENTLY POSTED ON THE WEBSITE OF THE CHARTER SCHOOL AND THE WEBSITE OF
24 THE STATE BOARD FOR CHARTER SCHOOLS.

25 2. THE PUBLIC RECORDS REQUIREMENTS PRESCRIBED IN TITLE 39,
26 CHAPTER 1. PUBLIC RECORDS MUST BE PROMINENTLY POSTED ON THE WEBSITE OF
27 THE CHARTER SCHOOL AND THE WEBSITE OF THE STATE BOARD FOR CHARTER SCHOOLS.

28 D. CHARTER HOLDER GOVERNING BOARDS, CORPORATE BOARDS OF DIRECTORS
29 OF CHARTER SCHOOL OPERATORS AND MANAGEMENT ORGANIZATIONS MAY MEET IN
30 EXECUTIVE SESSION FOR ANY OF THE FOLLOWING PURPOSES:

31 1. FIRING PERSONNEL, IF TWENTY-FOUR HOURS' WRITTEN NOTICE IS
32 PROVIDED TO THE AFFECTED EMPLOYEE.

33 2. DISCUSSING OR CONSIDERING RECORDS THAT ARE EXEMPT BY LAW FROM
34 PUBLIC INSPECTION.

35 3. DISCUSSING OR RECEIVING LEGAL ADVICE.

36 4. DISCUSSING OR CONSULTING WITH A LAWYER TO CONSIDER PENDING OR
37 CONTEMPLATED LITIGATION, SETTLEMENT DISCUSSIONS OR NEGOTIATED CONTRACTS.

38 5. DISCUSSING AND INSTRUCTING REPRESENTATIVES REGARDING LABOR
39 NEGOTIATIONS.

40 6. DISCUSSING INTERNATIONAL, INTERSTATE AND TRIBAL NEGOTIATIONS.

41 7. DISCUSSING THE PURCHASE, SALE OR LEASE OF REAL PROPERTY.

42 E. FOR THE PURPOSES OF THIS SECTION, "CHARTER HOLDER GOVERNING
43 BOARD" MEANS THE LIMITED LIABILITY COMPANY OR CORPORATION THAT IS
44 REGISTERED WITH THE CORPORATION COMMISSION BY THE CHARTER HOLDER.

1 Sec. 2. Section 15-183, Arizona Revised Statutes, is amended to
2 read:

3 15-183. Charter schools; application; requirements; immunity;
4 exemptions; renewal of application; reprisal; fee;
5 funds; annual reports; definitions

6 A. An applicant seeking to establish a charter school shall apply
7 in writing to a proposed sponsor as prescribed in subsection C of this
8 section. The application, application process and application time frames
9 shall be posted on the sponsor's website and shall include the following,
10 as specified in the application adopted by the sponsor:

- 11 1. A detailed educational plan.
- 12 2. A detailed business plan.
- 13 3. A detailed operational plan.
- 14 4. Any other materials required by the sponsor.

15 B. The sponsor of a charter school may contract with a public body,
16 private person or private organization for the purpose of establishing a
17 charter school pursuant to this article. **BEGINNING JANUARY 1, 2023, THE**
18 **SPONSOR OF A CHARTER SCHOOL MAY NOT CONTRACT WITH A FOR-PROFIT**
19 **ORGANIZATION TO ESTABLISH A CHARTER SCHOOL PURSUANT TO THIS ARTICLE.**

20 C. The sponsor of a charter school may be either the state board of
21 education, the state board for charter schools, a university under the
22 jurisdiction of the Arizona board of regents, a community college district
23 or a group of community college districts, subject to the following
24 requirements:

25 1. An applicant may not apply for sponsorship to any person or
26 entity other than those prescribed in this subsection.

27 2. The applicant may apply to the state board of education or the
28 state board for charter schools. Notwithstanding any other law, neither
29 the state board for charter schools nor the state board of education shall
30 grant a charter to a school district governing board for a new charter
31 school or for the conversion of an existing district public school to a
32 charter school. The state board of education or the state board for
33 charter schools may approve the application if the application meets the
34 requirements of this article and may approve the charter if the proposed
35 sponsor determines, within its sole discretion, that the applicant is
36 sufficiently qualified to operate a charter school and that the applicant
37 is applying to operate as a separate charter holder by considering factors
38 such as whether:

39 (a) The schools have separate governing bodies, governing body
40 membership, staff, facilities and student population.

41 (b) Daily operations are carried out by different administrators.

42 (c) The applicant intends to have an affiliation agreement for the
43 purpose of providing enrollment preferences.

(d) The applicant's charter management organization has multiple charter holders serving varied grade configurations on one physical site or nearby sites serving one community.

(e) The applicant is reconstituting an existing school site population at the same or new site.

(f) The applicant is reconstituting an existing grade configuration from a prior charter holder with at least one grade remaining on the original site with the other grade or grades moving to a new site. The state board of education or the state board for charter schools may approve any charter schools transferring charters. If the state board of education or the state board for charter schools rejects the preliminary application, the state board of education or the state board for charter schools shall notify the applicant in writing of the reasons for the rejection and of suggestions for improving the application. An applicant may submit a revised application for reconsideration by the state board of education or the state board for charter schools. The applicant may request, and the state board of education or the state board for charter schools may provide, technical assistance to improve the application.

3. The applicant may submit the application to a university under the jurisdiction of the Arizona board of regents, a community college district or a group of community college districts. A university, a community college district or a group of community college districts shall not grant a charter to a school district governing board for a new charter school or for the conversion of an existing district public school to a charter school. A university, a community college district or a group of community college districts may approve the application if it meets the requirements of this article and if the proposed sponsor determines, in its sole discretion, that the applicant is sufficiently qualified to operate a charter school.

4. Each applicant seeking to establish a charter school shall submit a full set of fingerprints to the approving agency for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. If an applicant will have direct contact with students, the applicant shall possess a valid fingerprint clearance card that is issued pursuant to title 41, chapter 12, article 3.1. The department of public safety may exchange this fingerprint data with the federal bureau of investigation. The criminal records check shall be completed before the issuance of a charter.

5. All persons engaged in instructional work directly as a classroom, laboratory or other teacher or indirectly as a supervisory teacher, speech therapist or principal shall have a valid fingerprint clearance card that is issued pursuant to title 41, chapter 12, article 3.1, unless the person is a volunteer or guest speaker who is accompanied in the classroom by a person with a valid fingerprint clearance card. A charter school shall not employ in any position that

1 requires a valid fingerprint clearance card a person against whom the
2 state board of education has taken disciplinary action as prescribed in
3 section 15-505 or whose certificate has been suspended, surrendered or
4 revoked, unless the person's certificate has been subsequently reinstated
5 by the state board of education. All other personnel shall be fingerprint
6 checked pursuant to section 15-512, or the charter school may require
7 those personnel to obtain a fingerprint clearance card issued pursuant to
8 title 41, chapter 12, article 3.1. Before employment, the charter school
9 shall make documented, good faith efforts to contact previous employers of
10 a person to obtain information and recommendations that may be relevant to
11 the person's fitness for employment as prescribed in section 15-512,
12 subsection F, including checking the educator information system that is
13 maintained by the department of education pursuant to section 15-505. The
14 charter school shall notify the department of public safety if the charter
15 school or sponsor receives credible evidence that a person who possesses a
16 valid fingerprint clearance card is arrested for or is charged with an
17 offense listed in section 41-1758.03, subsection B. A person who is
18 employed at a charter school that has met the requirements of this
19 paragraph is not required to meet any additional requirements that are
20 established by the department of education or that may be established by
21 rule by the state board of education. The state board of education may
22 not adopt rules that exceed the requirements for persons who are qualified
23 to teach in charter schools prescribed in title I of the every student
24 succeeds act (P.L. 114-95) or the individuals with disabilities education
25 improvement act of 2004 (P.L. 108-446). Charter schools may hire
26 personnel who have not yet received a fingerprint clearance card if proof
27 is provided of the submission of an application to the department of
28 public safety for a fingerprint clearance card and if the charter school
29 that is seeking to hire the applicant does all of the following:

30 (a) Documents in the applicant's file the necessity for hiring and
31 placing the applicant before the applicant receives a fingerprint
32 clearance card.

33 (b) Ensures that the department of public safety completes a
34 statewide criminal records check on the applicant. A statewide criminal
35 records check shall be completed by the department of public safety every
36 one hundred twenty days until the date that the fingerprint check is
37 completed or the fingerprint clearance card is issued or denied.

38 (c) Obtains references from the applicant's current employer and
39 the two most recent previous employers except for applicants who have been
40 employed for at least five years by the applicant's most recent employer.

41 (d) Provides general supervision of the applicant until the date
42 that the fingerprint card is obtained.

43 (e) Completes a search of criminal records in all local
44 jurisdictions outside of this state in which the applicant has lived in
45 the previous five years.

1 (f) Verifies the fingerprint status of the applicant with the
2 department of public safety.

3 6. A charter school that complies with the fingerprinting
4 requirements of this section shall be deemed to have complied with section
5 15-512 and is entitled to the same rights and protections provided to
6 school districts by section 15-512.

7 7. If a charter school operator is not already subject to a public
8 meeting or hearing by the municipality in which the charter school is
9 located, the operator of a charter school shall conduct a public meeting
10 at least thirty days before the charter school operator opens a site or
11 sites for the charter school. The charter school operator shall post
12 notices of the public meeting in at least three different locations that
13 are within three hundred feet of the proposed charter school site.

14 8. A person who is employed by a charter school or who is an
15 applicant for employment with a charter school, who is arrested for or
16 charged with a nonappealable offense listed in section 41-1758.03,
17 subsection B and who does not immediately report the arrest or charge to
18 the person's supervisor or potential employer is guilty of unprofessional
19 conduct and the person shall be immediately dismissed from employment with
20 the charter school or immediately excluded from potential employment with
21 the charter school.

22 9. A person who is employed by a charter school and who is
23 convicted of any nonappealable offense listed in section 41-1758.03,
24 subsection B or is convicted of any nonappealable offense that amounts to
25 unprofessional conduct under section 15-550 shall immediately do all of
26 the following:

27 (a) Surrender any certificates issued by the department of
28 education.

29 (b) Notify the person's employer or potential employer of the
30 conviction.

31 (c) Notify the department of public safety of the conviction.

32 (d) Surrender the person's fingerprint clearance card.

33 D. An entity that is authorized to sponsor charter schools pursuant
34 to this article has no legal authority over or responsibility for a
35 charter school sponsored by a different entity. This subsection does not
36 apply to the state board of education's duty to exercise general
37 supervision over the public school system pursuant to section 15-203,
38 subsection A, paragraph 1.

39 E. The charter of a charter school shall do all of the following:

40 1. Ensure compliance with federal, state and local rules,
41 regulations and statutes relating to health, safety, civil rights and
42 insurance. The department of education shall publish a list of relevant
43 rules, regulations and statutes to notify charter schools of their
44 responsibilities under this paragraph.

2. Ensure that it is nonsectarian in its programs, admission policies and employment practices and all other operations.

3. Ensure that it provides a comprehensive program of instruction for at least a kindergarten program or any grade between grades one and twelve, except that a school may offer this curriculum with an emphasis on a specific learning philosophy or style or certain subject areas such as mathematics, science, fine arts, performance arts or foreign language.

4. Ensure that it designs a method to measure pupil progress toward the pupil outcomes adopted by the state board of education pursuant to section 15-741.01, including participation in the statewide assessment and the nationally standardized norm-referenced achievement test as designated by the state board and the completion and distribution of an annual report card as prescribed in chapter 7, article 3 of this title.

5. Ensure that, except as provided in this article and in its charter, it is exempt from all statutes and rules relating to schools, governing boards and school districts.

6. Ensure that, except as provided in this article, it is subject to the same financial and electronic data submission requirements as a school district, including the uniform system of financial records as prescribed in chapter 2, article 4 of this title, ~~procurement rules as prescribed in section 15-213~~ and audit requirements. The auditor general shall conduct a comprehensive review and revision of the uniform system of financial records to ensure that the provisions of the uniform system of financial records that relate to charter schools are in accordance with commonly accepted accounting principles used by private business. ~~A school's charter may include exceptions to the requirements of this paragraph that are necessary as determined by the university, the community college district, the group of community college districts, the state board of education or the state board for charter schools.~~ EACH CHARTER SCHOOL AND CHARTER MANAGEMENT ORGANIZATION THAT ENTERS INTO A MANAGEMENT SERVICES CONTRACT WITH THE CHARTER SCHOOL SHALL ENSURE THAT AN ANNUAL INDEPENDENT AUDIT OF FINANCIAL STATEMENTS IS CONDUCTED AND THAT THE RESULTS OF THAT AUDIT, INCLUDING INDIVIDUAL SALARIES PAID BY THE CHARTER SCHOOL TO THE CHARTER MANAGEMENT ORGANIZATION, AND ANY MANAGEMENT LETTER ISSUED IN CONNECTION WITH THAT AUDIT ARE MADE AVAILABLE TO THE PUBLIC. The department of education or the office of the auditor general ~~may~~ SHALL conduct financial, program or compliance audits.

7. Ensure compliance with all federal and state laws relating to the education of children with disabilities in the same manner as a school district.

8. ENSURE THAT IT PROVIDES FOR A CHARTER HOLDER GOVERNING BOARD COMPOSED OF AT LEAST THREE MEMBERS. NOT MORE THAN TWO IMMEDIATE FAMILY MEMBERS MAY SERVE SIMULTANEOUSLY ON THE CHARTER HOLDER GOVERNING BOARD, AND IMMEDIATE FAMILY MEMBERS MAY NOT CONSTITUTE A MAJORITY OF THOSE BOARD MEMBERS, EXCEPT THAT:

(a) PERSONS RELATED AS IMMEDIATE FAMILY MEMBERS WHO CURRENTLY RESIDE WITHIN THE SAME HOUSEHOLD OR WHO HAVE RESIDED WITHIN THE SAME HOUSEHOLD AT ANY TIME WITHIN THE PREVIOUS FOUR YEARS MAY NOT SERVE SIMULTANEOUSLY ON THE GOVERNING BOARD OF THE SAME CHARTER HOLDER.

(b) FOR A CHARTER SCHOOL WITH A STUDENT COUNT OF AT LEAST TWO HUNDRED FIFTY THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN FIVE HUNDRED THOUSAND PERSONS, NOT MORE THAN TWO PERSONS RELATED BY AFFINITY, BY CONSANGUINITY OR BY LAW TO THE THIRD DEGREE MAY SERVE SIMULTANEOUSLY ON THE GOVERNING BOARD OF THE SAME CHARTER HOLDER.

~~8-~~ 9. Ensure that it provides for a governing body for the charter school that is responsible for the OPERATIONAL AND policy decisions of the charter school. THERE SHALL BE AT LEAST THREE GOVERNING BODY MEMBERS. NOT MORE THAN TWO IMMEDIATE FAMILY MEMBERS MAY SERVE SIMULTANEOUSLY ON THE GOVERNING BODY OF THE SAME CHARTER SCHOOL, AND IMMEDIATE FAMILY MEMBERS MAY NOT BE A MAJORITY OF THE GOVERNING BODY MEMBERS OF THE SAME CHARTER SCHOOL. Notwithstanding section 1-216, if there is a vacancy or vacancies on the governing body, a majority of the remaining members of the governing body constitute a quorum for the transaction of business, unless that quorum is prohibited by the charter school's operating agreement. PERSONS RELATED AS IMMEDIATE FAMILY MEMBERS WHO CURRENTLY RESIDE WITHIN THE SAME HOUSEHOLD OR WHO HAVE RESIDED WITHIN THE SAME HOUSEHOLD ANY TIME WITHIN THE PREVIOUS FOUR YEARS MAY NOT SERVE SIMULTANEOUSLY ON THE GOVERNING BOARD OF THE SAME CHARTER SCHOOL, EXCEPT THAT FOR A CHARTER SCHOOL WITH A STUDENT COUNT OF AT LEAST TWO HUNDRED FIFTY THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN FIVE HUNDRED THOUSAND PERSONS, NOT MORE THAN TWO PERSONS RELATED BY AFFINITY, BY CONSANGUINITY OR BY LAW TO THE THIRD DEGREE MAY SERVE SIMULTANEOUSLY ON THE GOVERNING BOARD OF THE SAME CHARTER SCHOOL. FOR THE PURPOSES OF THIS PARAGRAPH, "OPERATIONAL" INCLUDES ALL APPLICABLE REQUIREMENTS FOR SUPERVISION THAT ARE PRESCRIBED FOR SCHOOL DISTRICT GOVERNING BOARDS PURSUANT TO SECTION 15-341.

~~9-~~ 10. Ensure that it provides a minimum of one hundred eighty instructional days before June 30 of each fiscal year unless it is operating on an alternative calendar approved by its sponsor. The superintendent of public instruction shall adjust the apportionment schedule accordingly to accommodate a charter school utilizing an alternative calendar.

11. ENSURE THAT THE CHARTER SCHOOL GOVERNING BODY AND THE CHARTER HOLDER GOVERNING BOARD COMPLY WITH THE OPEN MEETING REQUIREMENTS PRESCRIBED IN TITLE 38, CHAPTER 3, ARTICLE 3.1.

F. A charter school shall keep in the personnel file of each current employee who provides instruction to pupils at the charter school information about the employee's educational and teaching background and experience in a particular academic content subject area. A charter school shall inform parents and guardians of the availability of the information and shall make the information available for inspection on

request of parents and guardians of pupils enrolled at the charter school. This subsection does not require any charter school to release personally identifiable information in relation to any teacher or employee, including the teacher's or employee's address, salary, social security number or telephone number.

G. The charter of a charter school may be amended at the request of the governing body of the charter school and on the approval of the sponsor.

H. Charter schools may contract, sue and be sued.

I. The charter is effective for fifteen years from the first day of the fiscal year as specified in the charter, subject to the following:

1. At least eighteen months before the ~~the~~ charter expires, the sponsor shall notify the charter school that the charter school may apply for renewal and shall make the renewal application available to the charter school. A charter school that elects to apply for renewal shall file a complete renewal application at least fifteen months before the charter expires. A sponsor shall give written notice of its intent not to renew the charter school's request for renewal to the charter school at least twelve months before the expiration of the charter. The sponsor shall make data used in making renewal decisions available to the school and the public and shall provide a public report summarizing the evidence basis for each decision. The sponsor may deny the request for renewal if, in its judgment, the charter holder has failed to do any of the following:

(a) Meet or make sufficient progress toward the academic performance expectations set forth in the performance framework.

(b) Meet the operational performance expectations set forth in the performance framework or any improvement plans.

(c) Meet the financial performance expectations set forth in the performance framework or any improvement plans.

(d) Complete the obligations of the contract.

(e) Comply with this article or any provision of law from which the charter school is not exempt.

2. A charter operator may apply for early renewal. At least nine months before the charter school's intended renewal consideration, the operator of the charter school shall submit a letter of intent to the sponsor to apply for early renewal. The sponsor shall review fiscal audits and academic performance data for the charter school that are annually collected by the sponsor, review the current contract between the sponsor and the charter school and provide the qualifying charter school with a renewal application. On submission of a complete application, the sponsor shall give written notice of its consideration of the renewal application. The sponsor may deny the request for early renewal if, in the sponsor's judgment, the charter holder has failed to do any of the following:

1 (a) Meet or make sufficient progress toward the academic
2 performance expectations set forth in the performance framework.

3 (b) Meet the operational performance expectations set forth in the
4 performance framework or any improvement plans.

5 (c) Meet the financial performance expectations set forth in the
6 performance framework or any improvement plans.

7 (d) Complete the obligations of the contract.

8 (e) Comply with this article or any provision of law from which the
9 charter school is not exempt.

10 3. A sponsor shall review a charter at five-year intervals using a
11 performance framework adopted by the sponsor and may revoke a charter at
12 any time if the charter school breaches one or more provisions of its
13 charter or if the sponsor determines that the charter holder has failed to
14 do any of the following:

15 (a) Meet or make sufficient progress toward the academic
16 performance expectations set forth in the performance framework.

17 (b) Meet the operational performance expectations set forth in the
18 performance framework or any improvement plans.

19 (c) Meet the financial performance expectations set forth in the
20 performance framework or any improvement plans.

21 (d) Comply with this article or any provision of law from which the
22 charter school is not exempt.

23 4. In determining whether to renew or revoke a charter holder, the
24 sponsor must consider making sufficient progress toward the academic
25 performance expectations set forth in the sponsor's performance framework
26 as one of the most important factors.

27 5. At least sixty days before the effective date of the proposed
28 revocation, the sponsor shall give written notice to the operator of the
29 charter school of its intent to revoke the charter. Notice of the
30 sponsor's intent to revoke the charter shall be delivered personally to
31 the operator of the charter school or sent by certified mail, return
32 receipt requested, to the address of the charter school. The notice shall
33 incorporate a statement of reasons for the proposed revocation of the
34 charter. The sponsor shall allow the charter school at least sixty days
35 to correct the problems associated with the reasons for the proposed
36 revocation of the charter. The final determination of whether to revoke
37 the charter shall be made at a public hearing called for that purpose.

38 J. The charter may be renewed for successive periods of twenty
39 years.

40 K. A charter school that is sponsored by the state board of
41 education, the state board for charter schools, a university, a community
42 college district or a group of community college districts may not be
43 located on the property of a school district unless the district governing
44 board grants this authority.

L. A governing board or a school district employee who has control over personnel actions shall not take unlawful reprisal against another employee of the school district because the employee is directly or indirectly involved in an application to establish a charter school. A governing board or a school district employee shall not take unlawful reprisal against an educational program of the school or the school district because an application to establish a charter school proposes to convert all or a portion of the educational program to a charter school. For the purposes of this subsection, "unlawful reprisal" means an action that is taken by a governing board or a school district employee as a direct result of a lawful application to establish a charter school and that is adverse to another employee or an education program and:

1. With respect to a school district employee, results in one or more of the following:

- (a) Disciplinary or corrective action.
- (b) Detail, transfer or reassignment.
- (c) Suspension, demotion or dismissal.
- (d) An unfavorable performance evaluation.
- (e) A reduction in pay, benefits or awards.
- (f) Elimination of the employee's position without a reduction in force by reason of lack of monies or work.
- (g) Other significant changes in duties or responsibilities that are inconsistent with the employee's salary or employment classification.

2. With respect to an educational program, results in one or more of the following:

- (a) Suspension or termination of the program.
- (b) Transfer or reassignment of the program to a less favorable department.
- (c) Relocation of the program to a less favorable site within the school or school district.
- (d) Significant reduction or termination of funding for the program.

M. Charter schools shall secure insurance for liability and property loss. The governing body of a charter school that is sponsored by the state board of education or the state board for charter schools may enter into an intergovernmental agreement or otherwise contract to participate in an insurance program offered by a risk retention pool established pursuant to section 11-952.01 or 41-621.01 or the charter school may secure its own insurance coverage. The pool may charge the requesting charter school reasonable fees for any services it performs in connection with the insurance program.

N. Charter schools do not have the authority to acquire property by eminent domain.

1 O. A sponsor, including members, officers and employees of the
2 sponsor, is immune from personal liability for all acts done and actions
3 taken in good faith within the scope of its authority.

4 P. Charter school sponsors and this state are not liable for the
5 debts or financial obligations of a charter school or persons who operate
6 charter schools.

7 Q. The sponsor of a charter school shall establish procedures to
8 conduct administrative hearings on determination by the sponsor that
9 grounds exist to revoke a charter. Procedures for administrative hearings
10 shall be similar to procedures prescribed for adjudicative proceedings in
11 title 41, chapter 6, article 10. Except as provided in section
12 41-1092.08, subsection H, final decisions of the state board of education
13 and the state board for charter schools from hearings conducted pursuant
14 to this subsection are subject to judicial review pursuant to title 12,
15 chapter 7, article 6.

16 R. The sponsoring entity of a charter school shall have oversight
17 and administrative responsibility for the charter schools that it
18 sponsors. In implementing its oversight and administrative
19 responsibilities, the sponsor shall ground its actions in evidence of the
20 charter holder's performance in accordance with the performance framework
21 adopted by the sponsor. The performance framework shall be publicly
22 available, shall be placed on the sponsoring entity's website and shall
23 include:

24 1. The academic performance expectations of the charter school and
25 the measurement of sufficient progress toward the academic performance
26 expectations.

27 2. The operational expectations of the charter school, including
28 adherence to all applicable laws and obligations of the charter contract.

29 3. The financial expectations of the charter school.

30 4. Intervention and improvement policies.

31 S. Charter schools may pledge, assign or encumber their assets to
32 be used as collateral for loans or extensions of credit.

33 ~~T. All property accumulated by a charter school shall remain the~~
34 ~~property of the charter school.~~

35 T. IF A CHARTER SCHOOL CLOSES, ANY ASSET OF THAT CHARTER SCHOOL
36 THAT WAS ACQUIRED IN WHOLE OR IN PART WITH PUBLIC MONIES SHALL BE RETURNED
37 TO THIS STATE. THIS SUBSECTION DOES NOT APPLY IF THE PROCEEDS FROM THE
38 SALE OF A CLOSED CHARTER SCHOOL ARE USED TO FUND THE CAPITAL COSTS FOR A
39 NEW CAMPUS OF THAT CHARTER SCHOOL.

40 U. Charter schools may not locate a school on property that is less
41 than one-fourth mile from agricultural land regulated pursuant to section
42 3-365, except that the owner of the agricultural land may agree to comply
43 with the buffer zone requirements of section 3-365. If the owner agrees
44 in writing to comply with the buffer zone requirements and records the
45 agreement in the office of the county recorder as a restrictive covenant

1 running with the title to the land, the charter school may locate a school
2 within the affected buffer zone. The agreement may include any
3 stipulations regarding the charter school, including conditions for future
4 expansion of the school and changes in the operational status of the
5 school that will result in a breach of the agreement.

6 V. A transfer of a charter to another sponsor, a transfer of a
7 charter school site to another sponsor or a transfer of a charter school
8 site to a different charter shall be completed before the beginning of the
9 fiscal year that the transfer is scheduled to become effective. An entity
10 that sponsors charter schools may accept a transferring school after the
11 beginning of the fiscal year if the transfer is approved by the
12 superintendent of public instruction. The superintendent of public
13 instruction shall have the discretion to consider each transfer during the
14 fiscal year on a case-by-case basis. A charter holder seeking to transfer
15 sponsors shall comply with the current charter terms regarding assignment
16 of the charter. A charter holder transferring sponsors shall notify the
17 current sponsor that the transfer has been approved by the new sponsor.

18 W. Notwithstanding subsection V of this section, a charter holder
19 on an improvement plan must notify parents or guardians of registered
20 students of the intent to transfer the charter and the timing of the
21 proposed transfer. On the approved transfer, the new sponsor shall
22 enforce the improvement plan but may modify the plan based on performance.

23 X. Notwithstanding subsection Y of this section, the state board
24 for charter schools shall charge a processing fee to any charter school
25 that amends its contract to participate in Arizona online instruction
26 pursuant to section 15-808. The charter Arizona online instruction
27 processing fund is established consisting of fees collected and
28 administered by the state board for charter schools. The state board for
29 charter schools shall use monies in the fund only for processing contract
30 amendments for charter schools participating in Arizona online
31 instruction. Monies in the fund are continuously appropriated.

32 Y. The sponsoring entity may not charge any fees to a charter
33 school that it sponsors unless the sponsor has provided services to the
34 charter school and the fees represent the full value of those services
35 provided by the sponsor. On request, the value of the services provided
36 by the sponsor to the charter school shall be demonstrated to the
37 department of education.

38 Z. Charter schools may enter into an intergovernmental agreement
39 with a presiding judge of the juvenile court to implement a law-related
40 education program as defined in section 15-154. The presiding judge of
41 the juvenile court may assign juvenile probation officers to participate
42 in a law-related education program in any charter school in the county.
43 The cost of juvenile probation officers who participate in the program
44 implemented pursuant to this subsection shall be funded by the charter
45 school.

1 AA. The sponsor of a charter school shall modify previously
2 approved curriculum requirements for a charter school that wishes to
3 participate in the board examination system prescribed in chapter 7,
4 article 6 of this title.

5 BB. If a charter school decides not to participate in the board
6 examination system prescribed in chapter 7, article 6 of this title,
7 pupils enrolled at that charter school may earn a Grand Canyon diploma by
8 obtaining a passing score on the same board examinations.

9 CC. Notwithstanding subsection Y of this section, a sponsor of
10 charter schools may charge a new charter application processing fee to any
11 applicant. The application fee shall fully cover the cost of application
12 review and any needed technical assistance. Authorizers may approve
13 policies that allow a portion of the fee to be returned to the applicant
14 whose charter is approved.

15 DD. A charter school may choose to provide a preschool program for
16 children with disabilities pursuant to section 15-771.

17 EE. Pursuant to the prescribed graduation requirements adopted by
18 the state board of education, the governing body of a charter school
19 operating a high school may approve a rigorous computer science course
20 that would fulfill a mathematics course required for graduation from high
21 school. The governing body may approve a rigorous computer science course
22 only if the rigorous computer science course includes significant
23 mathematics content and the governing body determines the high school
24 where the rigorous computer science course is offered has sufficient
25 capacity, infrastructure and qualified staff, including competent teachers
26 of computer science.

27 FF. A charter school may ~~permit~~ ALLOW the use of school property,
28 including school buildings, grounds, buses and equipment, by any person,
29 group or organization for any lawful purpose, including a recreational,
30 educational, political, economic, artistic, moral, scientific, social,
31 religious or other civic or governmental purpose. The charter school may
32 charge a reasonable fee for the use of the school property.

33 GG. A charter school and its employees, including the governing
34 body, or chief administrative officer, are immune from civil liability
35 with respect to all decisions made and actions taken to allow the use of
36 school property, unless the charter school or its employees are guilty of
37 gross negligence or intentional misconduct. This subsection does not
38 limit any other immunity provisions that are prescribed by law.

39 HH. Sponsors authorized pursuant to this section shall submit an
40 annual report to the auditor general on or before October 1. The report
41 shall include:

42 1. The current number of charters authorized and the number of
43 schools operated by authorized charter holders.

1 2. The academic, operational and financial performance of the
2 sponsor's charter portfolio as measured by the sponsor's adopted
3 performance framework.

4 3. For the prior year, the number of new charters approved, the
5 number of charter schools closed and the reason for the closure.

6 4. The sponsor's application, amendment, renewal and revocation
7 processes, charter contract template and current performance framework as
8 required by this section.

9 II. The auditor general shall prescribe the format for the annual
10 report required by subsection HH of this section and may require that the
11 annual report be submitted electronically. The auditor general shall
12 review the submitted annual reports to ensure that the reports include the
13 required items in subsection HH of this section and shall make the annual
14 reports available on request. If the auditor general finds significant
15 noncompliance or if a sponsor fails to submit the annual report required
16 by subsection HH of this section, on or before December 31 of each year
17 the auditor general shall report to the governor, the president of the
18 senate, the speaker of the house of representatives and the chairs of the
19 senate and house education committees or their successor committees, and
20 the legislature shall consider revoking the sponsor's authority to sponsor
21 charter schools.

22 JJ. THE SPONSOR OF A CHARTER SCHOOL SHALL ANNUALLY COMPILE
23 INFORMATION PERTAINING TO THE GOVERNANCE AND OPERATIONS OF EACH CHARTER
24 SCHOOL IT SPONSORS. A NONPROFIT CHARTER HOLDER THAT IS RESPONSIBLE FOR
25 ANNUALLY FILING A FORM 990 WITH THE INTERNAL REVENUE SERVICE MAY MEET THE
26 RELEVANT DATA REQUIREMENTS PRESCRIBED IN PARAGRAPHS 3 THROUGH 12 OF THIS
27 SUBSECTION BY SUBMITTING THE CHARTER HOLDER'S FORM 990 TO THE SCHOOL'S
28 SPONSOR. A CHARTER SCHOOL SPONSOR SHALL POST TO ITS PUBLIC WEBSITE THE
29 FOLLOWING INFORMATION FOR EACH CHARTER SCHOOL IT SPONSORS:

30 1. THE NAMES OF VOTING MEMBERS OF THE CHARTER SCHOOL GOVERNING
31 BODY.

32 2. THE NUMBER OF INDEPENDENT VOTING MEMBERS OF THE CHARTER SCHOOL
33 GOVERNING BODY. FOR THE PURPOSES OF THIS PARAGRAPH, "INDEPENDENT VOTING
34 MEMBERS" MEANS MEMBERS WHO ARE NOT EMPLOYED BY THE SCHOOL OR WHO DO NOT
35 HAVE IMMEDIATE FAMILY MEMBERS OR BUSINESS RELATIONSHIPS WITH THE CHARTER
36 SCHOOL.

37 3. THE NAMES OF VOTING MEMBERS OF THE CHARTER HOLDER.

38 4. THE NUMBER OF INDEPENDENT VOTING MEMBERS OF THE CHARTER HOLDER.

39 5. THE TOTAL ANNUAL STATE REVENUES.

40 6. THE TOTAL ANNUAL REVENUES FROM OTHER SOURCES, INCLUDING GRANTS,
41 DONATIONS AND INVESTMENT INCOME.

42 7. THE TOTAL ANNUAL EXPENSES.

43 8. THE TOTAL ANNUAL REVENUES MINUS TOTAL ANNUAL EXPENSES.

44 9. THE TOTAL ASSETS AND LIABILITIES.

1 10. THE AUTHORIZATION OF ANY RELATED PARTY TRANSACTION AND THE
2 INDIVIDUALS OR ENTITIES THAT ARE PARTY TO THE TRANSACTION, THE SERVICES OR
3 GOODS PROVIDED AND THE TOTAL TRANSACTION COST.

4 11. WHETHER THE CHARTER SCHOOL OR CHARTER HOLDER SOLD, EXCHANGED,
5 DISPOSED OF OR TRANSFERRED MORE THAN TWENTY-FIVE PERCENT OF THE CHARTER
6 SCHOOL'S ASSETS IN THE PREVIOUS FISCAL YEAR.

7 12. THE CONFIRMATION OF AN ADOPTED CONFLICT OF INTEREST POLICY AND
8 A COPY OF THE ADOPTED POLICY.

9 13. IF THE CHARTER SCHOOL OR CHARTER HOLDER CONTRACTS WITH A
10 CHARTER MANAGEMENT ORGANIZATION, A WRITTEN STATEMENT THAT DOES ALL OF THE
11 FOLLOWING:

12 (a) IDENTIFIES THE CHARTER MANAGEMENT ORGANIZATION AND THE NAME OF
13 THE PERSON OR ENTITY THAT HAS OWNERSHIP OF THE CHARTER MANAGEMENT
14 ORGANIZATION.

15 (b) DESCRIBES THE SERVICES PROVIDED TO THE CHARTER SCHOOL OR
16 CHARTER HOLDER.

17 (c) PROVIDES THE AMOUNT THE CHARTER SCHOOL OR CHARTER HOLDER SPENDS
18 FOR THE CHARTER MANAGEMENT ORGANIZATION'S SERVICES.

19 (d) INCLUDES AN ITEMIZED LIST OF SERVICES THE CHARTER MANAGEMENT
20 ORGANIZATION OFFERS TO THE CHARTER SCHOOL OR CHARTER HOLDER, INCLUDING THE
21 COST FOR EACH SERVICE.

22 14. SPENDING DATA THAT THE CHARTER SCHOOL SPONSOR COMPILES FROM
23 ANNUAL FINANCIAL REPORTS FOR EACH CHARTER HOLDER IN EACH OF THE FOLLOWING
24 CATEGORIES:

25 (a) TEACHER SALARIES.

26 (b) CLASSROOM INSTRUCTION.

27 (c) STUDENT SUPPORT SERVICES.

28 (d) OTHER SUPPORT SERVICES AND OPERATIONS.

29 (e) SPECIAL EDUCATION.

30 (f) ADMINISTRATION.

31 (g) FEDERAL PROJECTS.

32 (h) FACILITIES EXPENSES.

33 KK. IF A CHARTER SCHOOL CONTRACTS WITH A CHARTER MANAGEMENT
34 ORGANIZATION, NOT MORE THAN TEN PERCENT OF THE CHARTER SCHOOL'S TOTAL
35 EXPENDITURES MAY BE SPENT ON ADMINISTRATIVE EXPENSES.

36 LL. THE WEBSITE OF EACH CHARTER SCHOOL SHALL INCLUDE A LINK TO THE
37 INFORMATION REQUIRED TO BE POSTED ON THE CHARTER SCHOOL SPONSOR'S WEBSITE
38 PURSUANT TO SUBSECTION JJ OF THIS SECTION.

39 MM. FOR THE PURPOSES OF THIS SECTION:

40 1. "CHARTER MANAGEMENT ORGANIZATION":

41 (a) MEANS AN ORGANIZATION THAT CONTRACTS WITH A CHARTER SCHOOL OR
42 CHARTER HOLDER TO PROVIDE ACADEMIC SERVICES AND ADMINISTRATIVE SERVICES TO
43 ONE OR MORE CHARTER SCHOOLS.

44 (b) INCLUDES AN ORGANIZATION COMMONLY REFERRED TO AS AN EDUCATIONAL
45 MANAGEMENT ORGANIZATION OR AN EDUCATIONAL SERVICE PROVIDER.

1 2. "IMMEDIATE FAMILY" HAS THE SAME MEANING PRESCRIBED IN SECTION
2 15-421.

3 Sec. 3. Title 15, chapter 1, article 8, Arizona Revised Statutes,
4 is amended by adding section 15-183.02, to read:

5 15-183.02. Procurement policies; enforcement

6 A. ON OR BEFORE JULY 1, 2023, EACH CHARTER SCHOOL IN THIS STATE
7 SHALL COMPLY WITH THE PROCUREMENT POLICIES PRESCRIBED IN SECTION 15-213.
8 EACH CHARTER SCHOOL IN THIS STATE SHALL ALSO ADOPT PROCUREMENT POLICIES
9 THAT INCLUDE ALL OF THE FOLLOWING:

10 1. A PROHIBITION ON PURCHASING ANY GOOD OR SERVICE FROM ANY OF THE
11 FOLLOWING PERSONS, UNLESS A MAJORITY OF THE DISINTERESTED MEMBERS OF THE
12 CHARTER SCHOOL GOVERNING BODY AUTHORIZE THE PURCHASE AFTER FULLY
13 DISCLOSING THE SUBSTANTIAL INTEREST AND INCLUDE THIS INFORMATION AND A
14 DESCRIPTION OF THE JUSTIFICATION FOR WHY THE PURCHASE IS IN THE BEST
15 INTEREST OF THE SCHOOL IN THE MINUTES OF THE MEETING AT WHICH THE
16 GOVERNING BODY APPROVES THE PURCHASE:

17 (a) ANY MEMBER OF THE CHARTER HOLDER OR CHARTER SCHOOL GOVERNING
18 BODY.

19 (b) AN IMMEDIATE FAMILY MEMBER OF ANY MEMBER OF THE CHARTER HOLDER
20 OR CHARTER SCHOOL GOVERNING BODY.

21 (c) ANY OTHER ENTITY IN WHICH ANY MEMBER OF THE CHARTER HOLDER OR
22 CHARTER SCHOOL GOVERNING BODY OR AN IMMEDIATE FAMILY MEMBER OF A MEMBER OF
23 THE CHARTER HOLDER OR CHARTER SCHOOL GOVERNING BODY MAY HAVE A SUBSTANTIAL
24 INTEREST IN THE PROCUREMENT.

25 2. A REQUIREMENT THAT, FOR ANY PURCHASE MADE ON BEHALF OF THE
26 CHARTER SCHOOL BY THE CHARTER SCHOOL OR CHARTER HOLDER THAT THE CHARTER
27 SCHOOL OR CHARTER HOLDER REASONABLY ANTICIPATES WILL EXCEED \$50,000, THE
28 CHARTER SCHOOL MAINTAIN RECORDS DEMONSTRATING THAT THE PURCHASE IS IN THE
29 BEST INTEREST OF THE CHARTER SCHOOL WHEN CONSIDERING THE TOTALITY OF THE
30 CIRCUMSTANCES. A CHARTER SCHOOL MAY DEMONSTRATE THAT THE PURCHASE IS IN
31 THE BEST INTEREST OF THE CHARTER SCHOOL THROUGH RESEARCH OF LIKE PRODUCTS
32 OR SERVICES OR BY RECEIVING MULTIPLE QUOTES. A CHARTER SCHOOL SHALL
33 MAINTAIN RECORDS OF THE PURCHASE FOR REVIEW DURING THE CHARTER SCHOOL'S
34 ANNUAL AUDIT. A PROJECT OR PURCHASE MAY NOT BE DIVIDED OR SEQUENCED INTO
35 SEPARATE PROJECTS OR PURCHASES TO INTENTIONALLY AVOID THE LIMITS
36 PRESCRIBED IN THIS PARAGRAPH.

37 3. A REQUIREMENT THAT ANY PURCHASE MADE ON BEHALF OF THE CHARTER
38 SCHOOL BY THE CHARTER SCHOOL OR CHARTER HOLDER THAT EXCEEDS \$50,000 IS
39 SUBJECT TO PUBLIC BIDDING REQUIREMENTS UNLESS THE PURCHASE IS EXEMPT FROM
40 PUBLIC BIDDING REQUIREMENTS PURSUANT TO SECTION 15-189.02.

41 4. A REQUIREMENT THAT A COMPLIANCE REVIEW OF A CHARTER SCHOOL'S OR
42 CHARTER HOLDER'S PROCUREMENT POLICIES AND ACTIVITIES BE INCLUDED IN THE
43 CHARTER SCHOOL'S ANNUAL AUDIT.

44 B. FEDERAL PROCUREMENT REQUIREMENTS APPLY TO A CHARTER SCHOOL'S
45 RECEIPT OF CERTAIN FEDERAL MONIES.

1 C. A CHARTER SCHOOL EMPLOYEE WHO HAS CONTROL OVER PERSONNEL ACTIONS
2 MAY NOT TAKE REPRISAL AGAINST A CHARTER SCHOOL EMPLOYEE FOR THAT
3 EMPLOYEE'S DISCLOSURE OF INFORMATION RELATING TO A VIOLATION OF THIS
4 SECTION.

5 D. IF THE SPONSOR OF A CHARTER SCHOOL DETERMINES THAT A VIOLATION
6 OF THIS SECTION IS OR LIKELY MAY BE OCCURRING, THE SPONSOR MAY REQUEST
7 THAT THE ATTORNEY GENERAL ENFORCE THIS SECTION AFTER PROVIDING THE CHARTER
8 SCHOOL WITH A REASONABLE OPPORTUNITY TO RESPOND TO ANY ALLEGATIONS RAISED
9 AND TO DISCONTINUE AND CORRECT ANY IMPROPER ACTIONS. THE ATTORNEY GENERAL
10 MAY SEEK RELIEF FOR ANY VIOLATION OF THIS SECTION THROUGH AN APPROPRIATE
11 CRIMINAL OR CIVIL ACTION IN SUPERIOR COURT. THE ATTORNEY GENERAL MAY USE
12 THE AUDIT AUTHORITY OF THE AUDITOR GENERAL PURSUANT TO 15-183, SUBSECTION
13 E, PARAGRAPH 6 TO ENFORCE THIS SECTION.

14 Sec. 4. Section 15-184, Arizona Revised Statutes, is amended to
15 read:

16 15-184. Charter schools; admissions requirements

17 A. A charter school shall enroll all eligible pupils who submit a
18 timely application, unless the number of applications exceeds the capacity
19 of a program, class, grade level or building.

20 B. A charter school shall give enrollment preference to pupils WHO
21 ARE returning to the charter school in the second or any subsequent year
22 of its operation and to siblings of pupils WHO ARE already enrolled in the
23 charter school.

24 C. A charter school may give enrollment preference to children who
25 are in foster care or meet the definition of unaccompanied youth
26 prescribed in the McKinney-Vento homeless assistance act (42 United States
27 Code section 11434a).

28 D. A charter school may give enrollment preference to and reserve
29 capacity for pupils who either:

30 1. Are children, grandchildren or legal wards of any of the
31 following:

32 (a) Employees of the school.

33 (b) Employees of the charter holder.

34 (c) Members of the governing body of the school.

35 (d) Directors, officers, partners or board members of the charter
36 holder.

37 2. Attended another charter school or are the siblings of that
38 pupil if the charter school previously attended by the pupil has the
39 identical charter holder, board and governing board membership as the
40 enrolling charter school or is managed by the same educational management
41 organization, charter management organization or educational service
42 provider as determined by the charter authorizer.

E. If remaining capacity is insufficient to enroll all pupils who submit a timely application, the charter school shall select pupils through an equitable selection process such as a lottery, except that preference shall be given to siblings of a pupil WHO IS selected through an equitable selection process such as a lottery.

F. Except as provided in subsections A through D of this section, a charter school shall not limit admission based on ethnicity, national origin, gender, income level, disabling condition, proficiency in the English language or athletic ability.

G. A CHARTER SCHOOL SHALL NOT LIMIT ADMISSION BASED ON THE ABILITY OF A PUPIL OR THE PUPIL'S PARENT OR GUARDIAN TO PROVIDE A FINANCIAL CONTRIBUTION TO THE CHARTER SCHOOL OR BASED ON ANY AGREEMENT TO VOLUNTEER AT OR FOR THE CHARTER SCHOOL.

~~H.~~ H. A charter school may limit admission to pupils within a given age group or grade level.

~~H.~~ I. A charter school may provide instruction to pupils of a single gender with the approval of the sponsor of the charter school. An existing charter school may amend its charter to provide instruction to pupils of a single gender, and, if approved by the sponsor of the charter school, may provide instruction to pupils of a single gender at the beginning of the next school year.

~~J.~~ J. A charter school may refuse to admit any pupil who has been expelled from another educational institution or who is in the process of being expelled from another educational institution.

Sec. 5. Section 15-189.02, Arizona Revised Statutes, is amended to read:

15-189.02. Charter schools; exemption; public bidding requirements

~~A.~~ EXCEPT AS OTHERWISE PROVIDED IN SECTION 15-213, a charter school's procurement is exempt from public bidding requirements if the aggregate dollar amount of the procurement does not exceed the maximum amount of the exemption authorized by title 41, chapter 23 or pursuant to rules adopted by the director of the department of administration.

~~B. Notwithstanding subsection A, the state board for charter schools may authorize an exemption from public bidding requirements that exceeds the maximum exemption prescribed in subsection A of this section for any charter school sponsored by the state board for charter schools.~~

Sec. 6. Section 15-189.03, Arizona Revised Statutes, is amended to read:

15-189.03. Academic credits; transfer; withdrawal; notification

A. If a pupil who was previously enrolled in a charter school or school district enrolls in a charter school in this state, the charter school shall accept credits earned by the pupil in courses or instructional programs at the charter school or school district. A

1 charter school governing board may adopt a policy concerning the
2 application of transfer credits for the purpose of determining whether a
3 credit earned by a pupil who was previously enrolled in a school district
4 or charter school will be assigned as an elective or core credit.

5 B. A pupil who transfers from a charter school or school district
6 shall be provided with a list that indicates which credits have been
7 accepted as ~~an~~ elective ~~credit~~ CREDITS and which credits have been
8 accepted as ~~a~~ core ~~credit~~ CREDITS by the charter school. Within ten
9 school days after receiving the list, ~~a~~ THE pupil may request to take an
10 examination in each particular course in which core credit has been
11 denied. The charter school shall accept the credit as a core credit for
12 each particular course in which the pupil takes an examination and
13 receives a passing score on a test THAT IS designed and evaluated by a
14 teacher in the charter school who teaches the subject matter on which the
15 examination is based.

16 C. IF A PUPIL WITHDRAWS OR TRANSFERS FROM A CHARTER SCHOOL DURING
17 THE SCHOOL YEAR, THE CHARTER SCHOOL SHALL REPORT THE WITHDRAWAL OR
18 TRANSFER TO THE DEPARTMENT OF EDUCATION WITHIN TWO WEEKS AFTER THE
19 WITHDRAWAL OR TRANSFER. THE DEPARTMENT SHALL ADJUST THE AVERAGE DAILY
20 MEMBERSHIP OF THE CHARTER SCHOOL TO ACCOUNT FOR THAT PUPIL'S WITHDRAWAL OR
21 TRANSFER AT THE NEXT SCHEDULED DISTRIBUTION OF STATE AID TO THAT CHARTER
22 SCHOOL.

23 Sec. 7. Title 15, chapter 1, article 8, Arizona Revised Statutes,
24 is amended by adding section 15-189.07, to read:

25 15-189.07. Charter school audits; requirements

26 AN AUDIT OF A CHARTER SCHOOL THAT IS CONDUCTED PURSUANT TO THIS
27 TITLE MUST:

28 1. FOLLOW A STANDARD FORMAT THAT REQUIRES DETAILED AND SUPPORTING
29 INFORMATION ON ASSETS AND LIABILITIES, REVENUES AND EXPENDITURES AND
30 RELATED PARTY EXPENSES.

31 2. BE CONDUCTED BY AN AUDITOR WHO MEETS ALL OF THE FOLLOWING:

32 (a) IS LOCATED IN THIS STATE.

33 (b) HAS DEMONSTRATED EXPERTISE IN THE LAWS OF THIS STATE.

34 (c) IS ON A LIST OF ACCEPTABLE AUDITORS ESTABLISHED AND MAINTAINED
35 BY THE STATE BOARD FOR CHARTER SCHOOLS THAT USES DATA EXTRACTED FROM
36 AUDITS TO DETERMINE WHICH AUDITORS ARE CURRENTLY PROVIDING ACCEPTABLE
37 LEVELS OF INFORMATION. THE STATE BOARD FOR CHARTER SCHOOLS SHALL UPDATE
38 THIS LIST ANNUALLY.

39 3. BE COMPLETED INDIVIDUALLY FOR EACH CHARTER ENTITY. A
40 CONSOLIDATED AUDIT MAY BE PREPARED COLLATING DATA REQUIRED PURSUANT TO
41 THIS PARAGRAPH.

42 4. BE COMPLETED INDIVIDUALLY FOR EACH CHARTER SCHOOL SEPARATE FROM
43 ANY LARGER ENTITY THAT INCLUDES THAT CHARTER SCHOOL. A CONSOLIDATED AUDIT
44 MAY BE PREPARED COLLATING DATA REQUIRED PURSUANT TO THIS PARAGRAPH.

1 5. INCLUDE AUDIT REPORTS THAT ARE NUMERICALLY IDENTICAL TO WHAT IS
2 PROVIDED IN INTERNAL REVENUE SERVICE FORM 990 AND ASSOCIATED ANNUAL
3 FINANCIAL REPORTS. THE AUDIT MUST EXPLAIN ANY INCONSISTENCY AND INCLUDE
4 SPECIFIC PLANS ON HOW THE SUBJECT OF THE AUDIT INTENDS TO REMEDY THE
5 INCONSISTENCY IN THE FUTURE.

6 Sec. 8. Section 15-213, Arizona Revised Statutes, is amended to
7 read:

8 15-213. Procurement practices of school districts and charter
9 schools; violations; classification; definitions

10 A. The state board of education shall adopt rules prescribing
11 procurement practices for all school districts in this state as follows:

12 1. The state board shall submit to the auditor general proposed
13 rules consistent with the procurement practices prescribed in title 41,
14 chapter 23, modifying the provisions for public notice of invitation for
15 bids, requests for proposals and requests for qualifications to allow a
16 governing board to give public notice of the invitation for bids, requests
17 for proposals and requests for qualifications by publication in the
18 official newspaper of the county as prescribed in section 11-255,
19 modifying the provisions relating to disposal of materials to comply with
20 section 15-342, paragraph 18, providing for governing board delegation of
21 procurement authority and modifying as necessary other provisions that the
22 state board determines are not appropriate for school districts. The
23 rules shall include provisions specifying that school districts are not
24 required to engage in competitive bidding in order to make the decision to
25 participate in programs pursuant to section 15-382 and that a program
26 authorized by section 15-382 is not required to engage in competitive
27 bidding for the services necessary to administer the program or for
28 purchase of insurance or reinsurance. The rules shall include provisions
29 specifying that school districts are not required to engage in competitive
30 bidding in order to place a pupil in a private school that provides
31 special education services if such a placement is prescribed in the
32 pupil's individualized education program and the private school has been
33 approved by the department of education division of special education
34 pursuant to section 15-765, subsection D. This placement is not subject
35 to rules adopted by the state board of education before November 24, 2009
36 pursuant to this section. The rules for procurement of construction
37 projects shall include provisions specifying that surety bonds furnished
38 as bid security and performance and payment bonds shall be executed and
39 furnished as required by title 34, chapter 2 or 6, as applicable. The
40 rules shall specify the total cost of a procurement that is subject to
41 invitations for bids, requests for proposals and requests for
42 clarification, using the aggregate dollar amount limits for procurements
43 prescribed in section 41-2535.

2. The state board ~~of education~~ shall adopt rules for procurements involving construction not exceeding \$150,000, which shall be known as the simplified school construction procurement program. At a minimum, the rules for a simplified construction procurement program shall require that:

(a) Each county school superintendent maintain a list of persons who desire to receive solicitations to bid on construction projects to which additions shall be permitted throughout the year.

(b) The list of persons be available for public inspection.

(c) A performance bond and a payment bond as required by this section be provided for contracts for construction by contractors.

(d) All bids for construction be opened at a public opening and the bids shall remain confidential until the public opening.

(e) All persons desiring to submit bids be treated equitably and the information related to each project be available to all eligible persons.

(f) Competition for construction projects under the simplified school construction procurement program be encouraged to the maximum extent possible. At a minimum, a school district shall submit information on each project to all persons listed with the county school superintendent by any school district within that county.

(g) A provision, covenant, clause or understanding in, collateral to or affecting a construction contract that makes the contract subject to the laws of another state or that requires any litigation, arbitration or other dispute resolution proceeding arising from the contract to be conducted in another state is against this state's public policy and is void and unenforceable.

3. The state board ~~of education~~ shall adopt rules for the procurement of goods and information services by school districts ~~and charter schools~~ using electronic, online bidding. The rules adopted by the state board shall include the use of reverse auctions and shall be consistent with the procurement practices prescribed in title 41, chapter 23, article 13, modifying as necessary those provisions and the rules adopted pursuant to that article that the state board determines are not appropriate for school districts ~~and charter schools~~. Until the rules are adopted, school districts ~~and charter schools~~ may procure goods and information services pursuant to title 41, chapter 23, article 13 using the rules adopted by the department of administration in implementing that article.

4. The state board shall adopt rules for the procurement by school districts of any materials, services, goods, construction or construction services that ensure maximum practicable competition as prescribed in section 41-2565 and shall require that a person:

(a) That contracts for or purchases any materials, services, goods, construction or construction services in a manner contrary to the rules adopted by the state board pursuant to this section is personally liable for the recovery of all public monies paid plus twenty percent of that amount and legal interest from the date of payment and all costs and damages arising out of the violation as prescribed in section 41-2616.

(b) That intentionally or knowingly contracts for or purchases any materials, services, goods, construction or construction services pursuant to a scheme or artifice to avoid the rules adopted by the state board pursuant to this section is guilty of a class 4 felony as prescribed in section 41-2616.

(c) That prepares procurement specifications may not receive any direct or indirect benefit from using those specifications.

(d) That serves on a selection committee for a procurement may not be a contractor or subcontractor under a contract awarded under the procurement or provide any specified professional services, construction, construction services, materials or other services under the contract. A person that serves on a selection committee for a procurement and that fails to disclose contact with a representative of a competing vendor or fails to provide required accurate information is subject to a civil penalty as prescribed in section 41-2616.

5. The state board shall adopt rules requiring school districts to obtain and maintain a record of proof that a construction or construction services provider that has been awarded a contract with the school district, or school purchasing cooperative, has a valid license to practice in this state.

6. The auditor general shall review the proposed rules to determine whether the rules are consistent with the procurement practices prescribed in title 41, chapter 23 and any modifications are required to adapt the procedures for school districts.

7. If the auditor general approves the proposed rules, the auditor general shall notify the state board in writing and the state board shall adopt such rules.

8. If the auditor general objects to the proposed rules, the auditor general shall notify the state board of the objections in writing and the state board, in adopting the rules, shall conform the proposed rules to meet the objections of the auditor general or revise the proposed rules to which an objection has been made and submit the revisions to the auditor general for approval.

B. After the bids submitted in response to an invitation for bids are opened and the award is made or after the proposals or qualifications are submitted in response to a request for proposals or a request for qualifications and the award is made, the governing board shall make available for public inspection all information, all bids, proposals and qualifications submitted and all findings and other information considered

1 in determining whose bid conforms to the invitation for bids and will be
2 the most advantageous with respect to price, conformity to the
3 specifications and other factors or whose proposal or qualifications are
4 to be selected for the award, including the rationale for awarding a
5 contract for any specified professional services, construction,
6 construction services or materials to an entity selected from a qualified
7 select bidders list or through a school purchasing cooperative. The
8 invitation for bids, request for proposals or request for qualifications
9 shall include a notice that all information and bids, proposals and
10 qualifications submitted will be made available for public inspection.
11 The rules adopted by the state board shall prohibit the use in connection
12 with procurement of specifications in any way proprietary to one supplier
13 unless the specification includes all of the following:

14 1. A statement of the reasons why no other specification is
15 practicable.

16 2. A description of the essential characteristics of the specified
17 product.

18 3. A statement specifically permitting an acceptable alternative
19 product to be supplied.

20 C. A project or purchase may not be divided or sequenced into
21 separate projects or purchases in order to avoid the limits prescribed by
22 the state board under subsection A of this section.

23 D. A contract for the procurement of construction or construction
24 services shall include a provision that provides for negotiations between
25 the school district and the contractor for the recovery of damages related
26 to expenses incurred by the contractor for a delay for which the school
27 district is responsible, that is unreasonable under the circumstances and
28 that was not within the contemplation of the parties to the contract.
29 This subsection does not void any provision in the contract that requires
30 notice of delays, provides for arbitration or any other procedure for
31 settlement or provides for liquidated damages.

32 E. The auditor general may conduct discretionary reviews,
33 investigations and audits of the financial and operational procurement
34 activities of school districts, ~~nonexempt charter schools~~ and school
35 purchasing cooperatives. The auditor general has final review and
36 approval authority over all school district, ~~nonexempt charter school~~ and
37 school purchasing cooperative audit contracts and any audit reports issued
38 in accordance with this section. If the attorney general has reasonable
39 cause to believe an employee of a school district or school purchasing
40 cooperative, or an employee of an entity that has been awarded a contract
41 by a school district or school purchasing cooperative, has engaged in, is
42 engaging in or is about to engage in any practice or transaction that
43 violates the rules adopted by the state board of education pursuant to
44 this section, the attorney general may:

1 1. Require that person to file on forms prescribed by the attorney
2 general a statement or report in writing and under oath as to all the
3 facts and circumstances concerning a violation of the rules adopted by the
4 state board pursuant to this section by that person and any other data and
5 information deemed necessary by the attorney general.

6 2. Examine under oath any person in connection with a violation of
7 the rules adopted by the state board pursuant to this section.

8 F. In addition to the requirements of sections 15-914 and
9 15-914.01, school districts, ~~nonexempt charter schools~~ and school
10 purchasing cooperatives, in connection with any audit conducted by a
11 certified public accountant, shall contract for a systematic review of
12 purchasing practices using methodology consistent with sampling guidelines
13 established by the auditor general. The auditor general shall consider
14 cost when establishing guidelines pursuant to this subsection and to the
15 extent possible shall attempt to minimize the cost of the review. The
16 purpose of the review is to determine whether the school
17 district, ~~nonexempt charter school~~ or school purchasing cooperative is in
18 compliance with the procurement laws and applicable procurement rules of
19 this state. A copy of the review shall be submitted on completion to the
20 auditor general. The auditor general may conduct discretionary reviews of
21 school districts, ~~nonexempt charter schools~~ and school purchasing
22 cooperatives that are not required to contract for independent audits. A
23 CHARTER SCHOOL AUDIT MUST IDENTIFY THE SOURCE OF ANY PROFIT DISTRIBUTION
24 THAT EXCEEDS NET PROFITS FOR THAT YEAR.

25 G. A school district school employee who has control over personnel
26 actions may not take reprisal against a school district school employee
27 for that employee's disclosure of information that is a matter of public
28 concern, including a violation of this section, to a public body pursuant
29 to title 38, chapter 3, article 9.

30 H. The attorney general or county attorney has jurisdiction to
31 enforce this section. The attorney general or county attorney may seek
32 relief for any violation of this section through an appropriate civil or
33 criminal action in superior court, including an action to enjoin a
34 threatened or pending violation of this section and including an action to
35 enforce compliance with any request for documents made by the auditor
36 general pursuant to this section.

37 I. The department of education shall enact policies and procedures
38 for the acceptance and disposition of complaints from the public regarding
39 school procurement practices and shall forward all school procurement
40 complaints to the attorney general. Notwithstanding rules adopted by the
41 state board, school districts shall not be required to prepare or submit
42 an annual report on the benefits associated with the use of
43 construction-manager-at-risk, design-build, qualified select bidders list
44 and job-order-contracting methods.

J. The state board of education shall adopt, and the auditor general shall review, rules authorizing school districts to procure construction services by construction-manager-at-risk, design-build, qualified select bidders list and job-order-contracting methods of project delivery. The rules shall not require school districts to obtain bid security for the construction-manager-at-risk method of project delivery.

K. A school district ~~or charter school~~ may evaluate United States general services administration contracts for materials and services. The governing board ~~or governing body~~ may authorize purchases under a current contract for materials or services without complying with the requirements of the procurement rules adopted by the state board of education if the governing board ~~or governing body~~ determines in writing that all of the following apply:

1. The price for materials or services is equal to or less than the contractor's current federal supply contract price with the general services administration.

2. The contractor has indicated in writing that the contractor is willing to extend the current federal supply contract pricing, terms and conditions to the school district ~~or charter school~~.

3. The purchase order adequately identifies the federal supply contract on which the order is based.

4. The purchase contract is cost effective and is in the best interests of the school district ~~or charter school~~.

L. Unless otherwise provided by law, multiterm contracts for materials or services and contracts for job-order-contracting construction services may be entered into if the duration of the contract and the conditions of renewal or extension, if any, are included in the invitation for bids or the request for proposals and if monies are available for the first fiscal period at the time the contract is executed. The duration of contracts for materials or services and contracts for job-order-contracting construction services are limited to no more than five years unless the governing board determines in writing before the procurement solicitation is issued that a contract of longer duration would be advantageous to the school district. Payment and performance obligations for succeeding fiscal periods are subject to the availability and appropriation of monies.

M. Notwithstanding the rules adopted by the state board of education, the maximum dollar amount of an individual job order for job-order-contracting construction services is \$1,000,000 or a higher or lower amount prescribed by the governing board in a policy adopted in a public meeting held pursuant to title 38, chapter 3, article 3.1. Requirements shall not be artificially divided or fragmented in order to constitute a job order that satisfies the requirements of this subsection.

1 N. A person who supervises or participates in contracts, purchases,
2 payments, claims or other financial transactions, or a person who
3 supervises or participates in the planning, recommending, selecting or
4 contracting for materials, services, goods, construction, or construction
5 services of a school district or school purchasing cooperative is guilty
6 of a class 6 felony if the person solicits, accepts or agrees to accept
7 any personal gift or benefit with a value of \$300 or more from a person or
8 vendor that has secured or has taken steps to secure a contract, purchase,
9 payment, claim or financial transaction with the school district or school
10 purchasing cooperative. Soliciting, accepting or agreeing to accept any
11 personal gift or benefit with a value of less than \$300 is a class 1
12 misdemeanor. A gift or benefit does not include an item of nominal value
13 such as a greeting card, t-shirt, mug or pen.

14 O. Any person or vendor that has secured or has taken steps to
15 secure a contract, purchase, payment, claim or financial transaction with
16 a school district or school purchasing cooperative that offers, confers or
17 agrees to confer any personal gift or benefit with a value of \$300 or more
18 on a person who supervises or participates in contracts, purchases,
19 payments, claims or other financial transactions, or on a person who
20 supervises or participates in planning, recommending, selecting or
21 contracting for materials, services, goods, construction or construction
22 services of a school district or school purchasing cooperative, is guilty
23 of a class 6 felony. Offering, conferring or agreeing to confer any
24 personal gift or benefit with a value of less than \$300 is a class 1
25 misdemeanor. A gift or benefit does not include an item of nominal value
26 such as a greeting card, t-shirt, mug or pen.

27 P. Any person or vendor convicted under subsection O of this
28 section may be suspended for up to six months or barred for up to three
29 years by the director of the department of administration from doing
30 business with school districts and school purchasing cooperatives. The
31 director of the department of administration shall adopt rules, including
32 administrative procedures, to suspend or bar any person from consideration
33 for award of contracts pursuant to this section.

34 Q. For the purposes of this section:

35 1. "Gift or benefit" means a payment, distribution, expenditure,
36 advance, deposit or donation of monies, any intangible personal property
37 or any kind of tangible personal or real property. Gift or benefit does
38 not include either:

39 (a) Food or beverage.

40 (b) Expenses or sponsorships relating to a special event or
41 function to which individuals listed in subsection N of this section are
42 invited.

43 ~~2. "Nonexempt charter school" means a charter school that is not~~
44 ~~exempted from procurement laws pursuant to section 15-183, subsection E,~~
45 ~~paragraph 6.~~

1 ~~2.~~ 2. "School purchasing cooperative" means an entity that is
2 engaged in cooperative purchasing as defined in section 41-2631.

3 ~~3.~~ 3. "Total cost" means the cost of all materials and services,
4 including the cost of labor performed by employees of the school district,
5 for all construction as provided in subsection A of this section.

6 Sec. 9. Section 15-914.02, Arizona Revised Statutes, is amended to
7 read:

8 15-914.02. School districts; charter schools; audit

9 A school district OR CHARTER SCHOOL that is subject to audit
10 pursuant to section 41-1279.03 shall comply with the reporting, follow-up
11 and hearing participation requirements of that section.

12 Sec. 10. Repeal

13 Section 41-1279.03, Arizona Revised Statutes, as amended by Laws
14 2021, chapter 405, section 25, is repealed.

15 Sec. 11. Section 41-1279.03, Arizona Revised Statutes, as amended
16 by Laws 2019, chapter 3, section 11, is amended to read:

17 41-1279.03. Powers and duties

18 A. The auditor general shall:

19 1. Prepare an audit plan for approval by the committee and report
20 to the committee the results of each audit and investigation and other
21 reviews conducted by the auditor general.

22 2. Conduct or cause to be conducted at least biennial financial and
23 compliance audits of financial transactions and accounts kept by or for
24 all state agencies subject to the single audit act of 1984 (P.L. 98-502).
25 The audits shall be conducted in accordance with generally accepted
26 governmental auditing standards and accordingly shall include tests of the
27 accounting records and other auditing procedures as may be considered
28 necessary in the circumstances. The audits shall include the issuance of
29 suitable reports as required by the single audit act of 1984 (P.L. 98-502)
30 so that the legislature, the federal government and others will be
31 informed as to the adequacy of financial statements of ~~the~~ THIS state in
32 compliance with generally accepted governmental accounting principles and
33 to determine whether this state has complied with laws and regulations
34 that may have a material effect on the financial statements and on major
35 federal assistance programs.

36 3. Perform procedural reviews for all state agencies at times
37 determined by the auditor general. These reviews may include evaluation
38 of administrative and accounting internal controls and reports on these
39 reviews.

40 4. Perform special research requests, special audits and related
41 assignments as designated by the committee and conduct performance audits,
42 special audits, special research requests and investigations of any state
43 agency, whether created by the constitution or otherwise, as may be
44 requested by the committee.

1 5. Annually on or before the fourth Monday of December, prepare a
2 written report to the governor and to the committee that contains a
3 summary of activities for the previous fiscal year.

4 6. In the tenth year and in each fifth year thereafter in which a
5 transportation excise tax is in effect in a county as provided in section
6 42-6106 or 42-6107, conduct a performance audit that:

7 (a) Reviews past expenditures and future planned expenditures of
8 the transportation excise revenues and determines the impact of the
9 expenditures in solving transportation problems within the county and, for
10 a transportation excise tax in effect in a county as provided in section
11 42-6107, determines whether the expenditures of the transportation excise
12 revenues comply with section 28-6392, subsection B.

13 (b) Reviews projects completed to date and projects to be completed
14 during the remaining years in which a transportation excise tax is in
15 effect. Within six months after each review period, the auditor general
16 shall present a report to the speaker of the house of representatives and
17 the president of the senate detailing findings and making recommendations.

18 (c) Reviews, determines, reports and makes recommendations to the
19 speaker of the house of representatives and the president of the senate
20 whether the distribution of ARIZONA highway user revenues complies with
21 title 28, chapter 18, article 2.

22 7. If requested by the committee, conduct performance audits of
23 counties and incorporated cities and towns receiving ARIZONA highway user
24 revenue fund monies pursuant to title 28, chapter 18, article 2 to
25 determine whether the monies are being spent as provided in section
26 28-6533, subsection B.

27 8. Perform special audits designated pursuant to law if the auditor
28 general determines that there are adequate monies appropriated for the
29 auditor general to complete the audit. If the auditor general determines
30 the appropriated monies are inadequate, the auditor general shall notify
31 the committee.

32 9. Establish a schoolwide audit team in the office of the auditor
33 general to conduct performance audits and monitor school districts AND
34 CHARTER SCHOOLS to determine the percentage of every dollar spent in the
35 classroom by the school district OR CHARTER SCHOOL. Each school district
36 AND CHARTER SCHOOL shall prominently post on its website home page a copy
37 of its profile pages that displays the percentage of every dollar spent in
38 the classroom by that school district OR CHARTER SCHOOL from the most
39 recent status report issued by the auditor general pursuant to this
40 paragraph. The performance audits shall determine whether school
41 districts AND CHARTER SCHOOLS that receive monies from the Arizona English
42 language learner fund established by section 15-756.04 and the statewide
43 compensatory instruction fund established by section 15-756.11 comply with
44 title 15, chapter 7, article 3.1. The auditor general shall determine,
45 through random selection, the school districts AND CHARTER SCHOOLS to be

1 audited each year, subject to review by the joint legislative audit
2 committee. A school district OR CHARTER SCHOOL that is subject to an
3 audit pursuant to this paragraph shall notify the auditor general in
4 writing whether the school district OR CHARTER SCHOOL agrees or disagrees
5 with the findings and recommendations of the audit and whether the school
6 district OR CHARTER SCHOOL will implement the findings and
7 recommendations, implement modifications to the findings and
8 recommendations or refuse to implement the findings and recommendations.
9 The school district OR CHARTER SCHOOL shall submit to the auditor general
10 a written status report on the implementation of the audit findings and
11 recommendations every six months for two years after an audit conducted
12 pursuant to this paragraph. The auditor general shall review the school
13 district's OR CHARTER SCHOOL'S progress toward implementing the findings
14 and recommendations of the audit every six months after ~~receipt of~~
15 RECEIVING the SCHOOL district's OR CHARTER SCHOOL'S status report for two
16 years. The auditor general may review a school district's OR CHARTER
17 SCHOOL'S progress beyond this two-year period for recommendations that
18 have not yet been implemented by the school district OR CHARTER SCHOOL.
19 The auditor general shall provide a status report of these reviews to the
20 joint legislative audit committee. The school district OR CHARTER SCHOOL
21 shall participate in any hearing scheduled during this review period by
22 the joint legislative audit committee or by any other legislative
23 committee designated by the joint legislative audit committee.

24 10. Annually review per diem compensation and reimbursement of
25 expenses for employees of this state and members of a state board,
26 commission, council or advisory committee by judgmentally selecting
27 samples and evaluating the propriety of per diem compensation and expense
28 reimbursements.

29 B. The auditor general may:

30 1. Subject to approval by the committee, adopt rules necessary to
31 administer the duties of the office.

32 2. Hire consultants to conduct the studies required by subsection
33 A, paragraphs 6 and 7 of this section.

34 C. If approved by the committee, the auditor general may charge a
35 reasonable fee for the cost of performing audits or providing accounting
36 services for auditing federal funds, special audits or special services
37 requested by political subdivisions of this state. Monies collected
38 pursuant to this subsection shall be deposited in the audit services
39 revolving fund.

40 D. The department of transportation, the board of supervisors of a
41 county that has approved a county transportation excise tax as provided in
42 section 42-6106 or 42-6107 and the governing bodies of counties, cities
43 and towns receiving ARIZONA highway user revenue fund monies shall
44 cooperate with and provide necessary information to the auditor general or
45 the auditor general's consultant.

1 E. The department of transportation shall reimburse the auditor
2 general as follows, and the auditor general shall deposit the reimbursed
3 monies in the audit services revolving fund:

4 1. For the cost of conducting the studies or hiring a consultant to
5 conduct the studies required by subsection A, paragraph 6, subdivisions
6 (a) and (b) of this section, from monies collected pursuant to a county
7 transportation excise tax levied pursuant to section 42-6106 or 42-6107.

8 2. For the cost of conducting the studies or hiring a consultant
9 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of
10 this section, from the Arizona highway user revenue fund.

11 Sec. 12. Section 41-1279.04, Arizona Revised Statutes, is amended
12 to read:

13 41-1279.04. Authority to examine records; violation;
14 classification

15 A. The auditor general or the auditor general's authorized
16 representatives, in ~~the performance of~~ PERFORMING THEIR official duties,
17 shall have access to, and authority to examine, any and all books,
18 accounts, reports, vouchers, correspondence files and other records, bank
19 accounts, criminal history record information as defined in section
20 41-1701, ~~money~~ MONIES and other property of any state agency, board,
21 commission, department, institution, program, advisory council or
22 committee or political subdivision of this state, whether created by the
23 constitution or otherwise, or such documents and property of a contractor
24 relating to a contract with this state pursuant to ~~the provisions of~~
25 section 35-214. ~~It is the duty of~~ Any officer or employee of any such
26 agency or political subdivision, having such records under the officer's
27 or employee's control, ~~to permit~~ SHALL ALLOW access to and examination of
28 the records on the request of the auditor general or the auditor general's
29 authorized representative.

30 B. For the purpose of complying with section 41-1279.03, subsection
31 A, paragraphs 4 and 9, the auditor general or the auditor general's
32 authorized representative, in ~~the performance of~~ PERFORMING official
33 duties, may attend executive sessions of the governing body of any state
34 agency, ~~or~~ school district OR CHARTER SCHOOL in this state.

35 C. For the purpose of auditing the department of revenue, the
36 auditor general and the auditor general's authorized representatives have
37 access to state tax returns, except that a report of the auditor general
38 shall not violate the confidentiality of state tax laws.

39 D. Any officer or person who knowingly fails or refuses to permit
40 such access and examination is guilty of a class 2 misdemeanor.

41 Sec. 13. Short title

42 This act may be cited as the "Charter School Transparency and
43 Accountability Act".