

FY 2013 – Significant Changes to Charter School Reporting Requirements

Laws 2013, Chapter 116, Article 4, Section 1, Subd. 6a requires charter schools to submit to the Minnesota Department of Education (MDE) additional information with the fiscal year end audit report. The requirements begin with FY 2013 reporting period.

The law is as follows:

Subd. 6a. Audit report. (a) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.

(b) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information, a copy of all charter school agreements for corporate management services, including parent company or other administrative, financial, and staffing 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.

(c) A charter school independent audit report shall include audited financial data of an affiliated building corporation or other component unit.

(d) 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 material weakness will be resolved. 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.

Charter Schools

This section clarifies the requirement of charter schools to provide “agreement” documents with outside providers. The term agreement includes contracts, letters of intent, memos of understanding, etc. The following supplemental information requirements are in addition to the required annual audit report and must be submitted to the Department of Education and the school’s authorizer by December 31 of each year. Required charter school supplemental information is NOT a requirement of the Office of State Auditor.

Required documents are:

- A. Copy of all agreements for corporate management services with the charter school. Corporate management service agreements include, but are not limited to:

Agreements for:

Administrative services
Management services,
Legal services
Transportation services
Food services

B. Financial Services

Financial Services agreements may already be a part of the Administrative services outlined in section A above. The examples below are for any additional services purchased to assist management with the operations of the school.

Agreements for:

Financial management
Accounting services
Audit services
Audit preparation services
Business services, etc.

C. Staffing Services

Only agreements with staffing companies. Do not provide agreements with individuals unless the individual is contracting for managerial, administrative, or director functions.

Example: Agreements with staffing companies for any staffing services such as teachers, support services, etc.

An entity that provides professional services to the charter school AND is tax exempt under section 501 of the IRS code 1986, under section 6033, must submit a copy of their IRS Form 990 to the Department of Education and the school's authorizer by February 15 of each year.

Note: If the charter school does not have any of the above services, a letter stating no such agreements were in place for the fiscal year and signed by the executive director, is to be submitted to MDE no later than December 31 of each year.

School Auditors

- A. A clarification to phrase "supplemental information": The statute is not intended to impact financial reporting standards for annual financial reporting of the reporting entity. The intent of the phrase "supplemental information" is the information charter schools are to provide in addition to, but not part of, the annual financial audit. Auditors are to assist their clients with identifying agreements and contracts which meet the criteria outlined in the charter school section of this document.
- B. Independent audit reports for charter schools must include the audited data from the affiliated building corporation or other component units, per Subdivision 6a (c),

C. Submission of Supplemental Information

Submit supplemental information to MDE via e-mail using the naming convention and e-mail address below:

Fiscal Year	District ID	District Type	District Name	Report Name
4 characters	4 characters	2 characters	Up to 12 characters	<ul style="list-style-type: none">• Agree.Charter• Other.Charter

Each element must be separated by a “.” (Period)

Note: Submit a separate file for each of these reports (see examples below):

1. Management Agreements convention: Agree.Charter
2. All other agreements convention: Other.Charter

Examples: 2013.4113.07.FraserAcad.Agree.Charter
2013.4113.07.FraserAcad.Other.Charter

If multiple files will be submitted in each category, number the files beginning with 1.

Examples: 2013.4113.07.FraserAcad.Agree1.Charter
2013.4113.07.FraserAcad.Agree2.Charter
2013.4113.07.FraserAcad.Agree3.Charter
2013.4113.07.FraserAcad.Other1.Charter
2013.4113.07.FraserAcad.Other2.Charter
2013.4113.07.FraserAcad.Other3.Charter

The e-mail address for electronic submission is mde.finmgt@state.mn.us.

If electronic format is unavailable, required information may be submitted via U.S. Mail or by other courier; please submit printed (hard) copy of the required documents to:

Minnesota Department of Education
Division of School Finance
Attn: David Day (I-12)
1500 Highway 36 W
Roseville, MN 55113

If you have questions about the “Significant Changes to Charter School Reporting Requirements”, please contact the UFARS Accounting Helpdesk at: mde.ufars-accounting@state.mn.us.