

## AUDIT LAW RESOURCES

You must have an audit submitted to the Office of the State Auditor and the School Finance Division by December 31 of each year. If you cannot meet that deadline, an extension from must be submitted to the Office of the State Auditor, once approved the approval must be sent to the School Finance Division. If approval is granted, an extension to submit the audit is allowed for a period up to 60 days, with the following final deadline for submission of (February 29 if a leap year or March 1st)

The procedures will be:

- 1) Extensions will be granted on an "as needed" basis, not to exceed 60 days.
- 2) The form requesting extension must be received by Office of the State Auditor.
- 3) If form just requests an extension of time or is unclear as to the need, the form will be given to the Office of the State Auditor to review for information needed.
- 4) You may expect a phone call from the Office of the State Auditor requesting more details as to the specific need.
- 5) The additional information will be provided with the request to the Office of the State Auditor to make a decision to approve or deny extension, and length of extension, if granted.
- 6) An approval/denial letter will be sent to the school district.

In order to meet the deadlines for submission of the audit, you must also meet those same deadlines for the financial automated data submission. We will be happy to help you in any way we can.

Addresses for audit submission and link to form for requests for extension:

Colorado Department of Education | School Finance Division  
201 East Colfax Avenue | Denver, Colorado 80203

[Contact List](#)

Preferable, submit audits electronically to: [schoolfinance@cde.state.co.us](mailto:schoolfinance@cde.state.co.us)

Colorado Office of the State Auditor | Local Government Audit Division  
1525 Sherman Street, 7th Floor | Denver, CO 80203

Phone: 303.869.3000 | Fax: 303.869.3061

Preferable, submit audits electronically to: [osa.lg@coleg.gov](mailto:osa.lg@coleg.gov)

Application to Request for Extension of Time to File Audit section available at:

<http://leg.colorado.gov/agencies/office-state-auditor/forms>

The statutes governing school districts and charter school governmental audit requirements are found below.

You must open your browser to [“Colorado Legal Resources”](#) before clicking any link to a statutory reference.

[C.R.S. 29-1-602](#) - Definitions.

As used in this part 6, unless the context otherwise requires:

(1) "All funds and activities" means all financial activities of the reporting local government as those activities are defined by generally accepted accounting principles for governments.

(2) "Auditor" means a certified public accountant licensed to practice in Colorado as an individual, partnership, or professional corporation pursuant to article 2 of title 12, C.R.S., who makes an audit and prepares a report thereon as provided in this part 6.

(3) "Financial statement" means a report made by a local government summarizing the results of all funds and activities of the local government for a particular period, the duration of that period to be determined by the local government.

(4) "Fiscal year" means the period commencing January 1 and ending December 31; except that, for school districts and junior college districts, "fiscal year" means the period commencing July 1 and ending June 30, and "fiscal year" may mean the federal fiscal year for water conservancy districts which have contracts with the federal government.

(5) (a) "Local government" means any authority, county, municipality, city and county, district, or other political subdivision of the state of Colorado; any institution, department, agency, or authority of any of the foregoing; and any other entity, organization, or corporation formed by intergovernmental agreement or other contract between or among any of the foregoing. Effective January 1, 1990, the office of the county public trustee shall be deemed an agency of the county for the purposes of this part 6.

(b) Except for purposes of section 29-1-603 (4), "local government" does not include the fire and police pension association, any county or municipal housing authority, any public entity insurance pool formed pursuant to state law, the Colorado sheep and wool authority, the Colorado beef council authority, the Colorado horse development authority, or any association of political subdivisions formed pursuant to section 29-1-401.

[C.R.S. 29-1-603](#) - Audits required

(1) The governing body of each local government in the state shall cause to be made an annual audit of the financial statements of the local government for each fiscal year. To the extent that the financial activities of any local government, or of any other entity, organization, or corporation formed by intergovernmental agreement or other contract between or among local governments, are fully reported in the audit or audits of a parent local government or governments, a separate audit is not required. Such audit shall be made as of the end of the fiscal year of the local government, or, at the option of the governing body, audits may be made at more frequent intervals. As part of the audit of a school district, the auditor shall ensure that the school district is complying with the provisions of section 22-44-204 (3), C.R.S., concerning the use of the financial policies and procedures handbook adopted by the state board of education. The audit report shall contain a fiscal year report of receipts and expenditures of each fund with designated program reports in accordance with the financial policies and procedures handbook. The supplemental schedules of receipts and expenditures for each fund shall be in the format prescribed by the state board of education and shall be in agreement with the audited financial statements of the school district. The department of education shall provide assistance to auditors and school districts in implementing and following these requirements.

(2) The audits of each local government shall be conducted in accordance with generally accepted auditing standards by an auditor, as defined in section 29-1-602, but in no event shall any auditor audit the records, books, or accounts which he has maintained.

(3) The expenses of audits required by this part 6, whether ordered by the local government or the state auditor, shall be paid by the local government for which the audit is made. It is the duty of the governing body of the local government to make provision for payment of said expenses.

(4) The entities listed in section 29-1-602 (5) (b) shall annually have an audit made by a certified public accountant and shall file a copy of the audit report made pursuant to such audit with the state auditor no later than thirty days after the report is received by such entity.

(5) For the audit for the 1994-95 budget year and budget years thereafter, the audit report of each school district shall include a calculation of the school district's fiscal year spending under section 20 of article X of the state constitution; except that, if a school district has received voter approval to retain revenues in excess of its spending limits under said section 20 (7), the school district shall include a calculation of its fiscal year spending for the first fiscal year following said voter approval but need not include such calculation for fiscal years thereafter.

[C.R.S. 29-1-604](#) - Exemptions

(1) Any local government where neither revenues nor expenditures exceed one hundred thousand dollars in any fiscal year commencing on or after January 1, 1998, may, with the approval of the state auditor, be exempt from the provisions of section 29-1-603.

(2) Any local government where revenues or expenditures for any fiscal year commencing on or after January 1, 1998, are at least one hundred thousand dollars but not more than three hundred thousand dollars may, with the approval of the state auditor, be exempt from the provisions of section 29-1-603.

(3) The governing body of any local government wishing to claim exemption from the audit requirements pursuant to subsection (1) or (2) of this section shall file an application for exemption from audit. Any application filed pursuant to subsection (1) of this section shall be prepared by a person skilled in governmental accounting. Any application filed pursuant to subsection (2) of this section shall be prepared by an independent accountant with knowledge of governmental accounting. Any application filed pursuant to this subsection (3) shall be completed in accordance with regulations issued by the state auditor and shall be personally reviewed, approved, and signed by a majority of the members of the governing body. The application is to be filed with the state auditor within three months after the close of the local government's fiscal year. No exemption shall be granted prior to the close of said fiscal year. Failure to file such application shall cause the local government to lose its exemption from the provisions of section 29-1-603 for that fiscal year and the ensuing fiscal year.

[C.R.S. 29-1-605](#) - Contents of report.

(1) All reports on audits of local governments shall contain at least the following:

(a) Financial statements which shall be prepared, insofar as possible, in conformity with generally accepted governmental accounting principles setting forth the financial position and results of operation of each fund and activity of the local government and a comparison of actual figures with budgeted figures for each fund or activity for which a budget has been prepared, which financial statements shall be the representations of the local government;

(b) The unqualified opinion of the auditor with respect to the financial statements of the local government or, if an unqualified opinion cannot be expressed, a qualified opinion or disclaimer of opinion containing an explanation of the reasons therefor;

(c) Full disclosure by the auditor of violations of state or local law which come to his attention

[C.R.S. 29-1-606](#) - Submission of reports.

(1) (a) Except as otherwise required in paragraph (b) of this subsection (1), each audit required by this part 6 shall be completed and the audit report thereon submitted by the auditor to the local government within six months after the close of the fiscal year of the local government.

(b) The audit required by this part 6 for school districts shall be completed and the audit report thereon submitted by the auditor to the school district within five months after the close of the fiscal year of the school district. (November 30th)

(2) One copy of the audit report shall be maintained by the local government as a public record for public inspection at all reasonable times at the principal office of the local government.

(3) The local government shall forward a copy of the audit report to the state auditor within thirty days after receipt of said audit. The state auditor shall retain such copy in his office as a public record where it shall be available for public inspection at all reasonable times. In the case of a school district, a copy of the audit report shall also be submitted to the commissioner of education within thirty days after the audit report is received. (December 31st)

(4) If within one month after the time period provided in subsection (1) of this section the local government is unable to file an audit report with the state auditor, the governing body of the local government shall submit to the state auditor a written request for extension of time to file. Such request for extension shall be submitted no later than one month after the time period provided in subsection (1) of this section. The state auditor may authorize an extension of such time for not more than sixty days. (Extension request by December 31st / Extension allowable to February 29<sup>th</sup> if a leap year or March 1<sup>st</sup>)

(5) (a) If the audit report of a local government is not filed with the state auditor within two months after the time period provided in subsection (1) of this section and the local government has not been granted an extension or exemption from the filing requirement, the state auditor shall make written notice to the local government of its delinquent status.

(b) If the audit report of a local government is not filed with the state auditor within three months after the time period provided in subsection (1) of this section, the state auditor shall either: (I) Notify any county treasurer holding moneys of the local government which were generated pursuant to the taxing authority of such local government of the delinquent audit status of such local government and authorize such county treasurer to prohibit the release of any such moneys until the local government submits an audit report to the state auditor; or (II) Make or cause such audit to be made at the expense of the local government. The local government shall reimburse the state auditor for



all amounts advanced for the making of such audit, including any legal and court costs incurred in the making of such audit.

[C.R.S. 29-1-607](#) - Duties of state auditor.

(1) The state auditor shall examine all reports submitted to him to determine whether the provisions of this part 6 have been complied with. If the state auditor finds that they have not been complied with, he shall notify the governing body of the local government and the auditor who submitted said audit report by submitting to them a statement of deficiencies. If the deficiencies are not corrected within ninety days from the date of the statement of deficiencies or within twelve months after the end of the fiscal year of the local government, whichever is later, the state auditor shall proceed in the same manner as provided in section 29-1-606 (5) as though no report had been filed.

(2) If the state auditor, in examining any audit report, finds an indication of violation of state law, he shall, after making such investigation as he deems necessary, consult with the attorney general, and if after such investigation and consultation he has reason to believe that there has been a violation of state law on the part of any person, he shall certify the facts to the district attorney of the judicial district in which the alleged violation occurred who shall cause appropriate proceedings to be brought.

(3) The auditor shall formulate classifications of inventory accounts for local governments, which accounts shall be required to be kept only with respect to items of property having an original cost that equals or exceeds an amount established by the governing body of each local government, unless such items having a value of less than the amount established by such governing body are required to be inventoried by directive of the state auditor. In no event shall the amount established by the governing body of any local government pursuant to this subsection (3) exceed the amount specified in rules promulgated by the state controller pursuant to section 24-30-202, C.R.S., regarding inventory accounts for items of state property.

[C.R.S. 29-1-608](#) - Violations - penalties.

(1) If it appears that an auditor has knowingly issued an audit report under the provisions of this part 6 containing any false or misleading statement, the state auditor shall report the matter in writing to the state board of accountancy and to the local government.

(2) Any member of the governing body of the local government or any member, officer, employee, or agent of any department, board, commission, or other agency who knowingly and willfully fails to perform any of the duties imposed upon him by this part 6, or who knowingly and willfully violates any of the provisions of this part 6, or who knowingly and willfully furnishes to the auditor or his employee any false or fraudulent information is guilty of malfeasance and, upon conviction thereof, the court shall enter judgment that such person be removed from office or employment. It is the duty of the court rendering such judgment to cause immediate notice of such removal from office or employment to be given to the proper officer of the local government so that the vacancy thus caused may be filled.

[C.R.S. 22-30.5-105](#) - Charter schools - contract contents - regulations

CHARTER SCHOOL FINANCIAL REPORTING REQUIREMENTS – NEW LEGISLATION ENACTED 2004

(2) (c) Any contract between a charter school and a local board of education approved on or after July 1, 2002, shall specify:

(IV) the financial information, including but not limited to data from an annual governmental audit, the charter school must report to the school district, the deadline for reporting such information to the school district in order to enable the school district to comply with the requirements specified in this title and in rules promulgated by the state board pertaining to reporting financial information to the department of education, and the circumstances under which the school district may withhold a portion of the charter school's monthly payment as provided in section 22-30.5-112 (8) for failure to comply with financial reporting requirements specified in the contract. Section 11. 22-30.5-112, Colorado Revised Statutes, is amended by the addition of the following new subsections to read:

22-30.5-112. Charter schools - financing - guidelines. (7) a charter school shall comply with all of the state financial and budget rules, regulations, and financial reporting requirements with which the chartering school district is required to comply, including but not limited to annual completion of a governmental audit that complies with the requirements of the department of education.