



**COLORADO**

**Department of Education**

School Finance and  
Operations Division

TO: Charter Schools and District Authorizers

FROM: Jennifer Okes, Chief Operating Officer

DATE: April 25, 2018

RE: Financial Audit Requirement for Network Charter Schools

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This memorandum addresses the financial audit requirements for charter school networks.

Since October 2011, the Colorado Department of Education has required each charter school in the state to complete a separate independent audit as required by [22-30.5-112 \(7\), C.R.S.](#) In 2015, a new law authorized “charter school networks” ([H.B. 15-1184](#)). This statute was amended in 2016 to clarify the audit requirements for charter school networks ([H.B. 16-1422](#)). As a result of these legislative changes, it is necessary to update and clarify CDE’s guidance related to audit requirements.

Charter schools follow the same fiscal rules and requirements as school districts. Hence, a charter school’s finances show up in two audits: the charter school’s annual audit under the Charter School Act, and the authorizer’s annual audit under the Local Government Audit Law.

The Charter School Act now provides for a network-level audit in lieu of school-by-school audits. Any schools fitting the definition of a charter school network qualify for one audit, treating the schools in the network as a single legal entity. This includes a charter school network holding more than one charter contract, and it includes a charter school network holding contracts with more than one authorizer.

In such cases, the charter school network audit must present each authorizer’s schools as a discrete component unit. This will allow the charter schools’ finances to be appropriately included in each authorizer’s annual audit as required by the Local Government Audit Law. Additionally, an authorizer may request separate audit(s) for that authorizer’s charter schools.

The charter school network statutes do not change the other statutory requirements imposed on charter schools, including the budgeting requirements.

If you have any questions related to this charter school network guidance, please contact Kirk Weber at 303-866-6610 or [weber\\_k@cde.state.co.us](mailto:weber_k@cde.state.co.us)

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