Higley USD
Instructions

Arizona Revised Statutes (A.R.S.) §15-271 requires the Arizona Auditor General to inform any school district failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records for Arizona School Districts* (USFR) that it has 90 days to correct the cited deficiencies. The USFR prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements. To help the Arizona Auditor General determine whether a district has attained an acceptable degree of compliance with USFR requirements, the audit firm must complete this USFR Compliance Questionnaire (Questionnaire).

A.R.S. §§15-213(F) and 15-914(G) require districts to have a systematic review of their purchasing practices and average daily membership (ADM), respectively, performed in conjunction with their annual or biennial financial audit to determine whether the district complied with the applicable State of Arizona procurement and student attendance laws and rules. Auditor completion of the Procurement and Student attendance reporting Questionnaire sections constitutes the required systematic reviews.

Audit firms must gain an understanding of the district's internal controls and obtain and document sufficient, appropriate evidence annually to support each Questionnaire response. These instructions, the Questionnaire questions, and the required review procedures constitute the minimum audit standards for completing the Questionnaire. Required review procedures are included in the Questionnaire and in the "tooltip" next to applicable questions in the web-based auditor submission Questionnaire. The Arizona Auditor General may reject Questionnaires that are not prepared in compliance with the minimum audit standards.

- Audit documentation must describe the procedures performed, items reviewed, and the results of such procedures and reviews to support the auditor's Questionnaire responses and related comments.
- Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" responses on the Questionnaire.
- The audit firm must determine the district reviewed documents and transactions and provided sufficient evidence of approval including manual or electronic signatures or initials and date of review.
- Audit firms must consider population size in determining the number of items to test (i.e., sample, scan, review, examine, or observe), and the items selected should be representative of the population. Therefore, testing 1 transaction, record, or item is not sufficient. The Credit cards and purchasing cards, Procurement, and Student attendance reporting Questionnaire sections prescribe minimum sample sizes for specific questions. Population and samples sizes used for test work should be entered in the fields provided next to the applicable questions throughout the Questionnaire.
- A **"Yes"** response indicates that the audit firm has determined that the district complied with the USFR for that question based on auditor obtained evidence. Several review procedures allow for auditors to determine whether the district implemented compensating controls when recommended USFR procedures could not be implemented due to limited staff size. When compensating controls are found, auditors should answer the question "Yes" and describe in the comments the compensating controls in place to meet the question's objective. However, the Arizona Auditor General makes the final determination of compliance with the USFR based on the evidence presented in the Questionnaire, audit reports, audit documentation, and any other sources of information available.
- A **"No"** response indicates the district did not comply with the USFR for that question. Audit firms must explain the district's deficiency noted for all "No" responses in the comment box below the question. Deficiencies must be described in sufficient detail to enable the Arizona Auditor General to determine the nature and significance of the deficiency for: (a) assessing compliance with the USFR, (b) appropriately describing the deficiency in a report, and (c) testing compliance during a status review. The description should include the number of items tested and the number of exceptions noted, dollar amount of the error, and any other relevant information that would provide context for the deficiency. For deficiencies related to processes required at regular intervals

such as monthly bank reconciliations, the description should adequately describe whether the district's processes did not meet required intervals or were not completed at all. Each deficiency comment should specifically describe how the district did not meet the USFR requirement described in the related question. Cash and revenues questions apply to all the district's cash and revenue, including food service, auxiliary operations, extracurricular activities fees tax credit, and student activities receipts and bank accounts. Comments for "No" responses to these questions should indicate the type of receipt or bank account to which the deficiency applies.

- An **"N/A"** response indicates the district did not have activity related to the USFR requirements for that question. The audit firm **must** explain all "N/A" responses in the comment box below the question, unless the reason for the N/A is obvious.

The questions in the Questionnaire do not address all requirements of the USFR. If the audit firm is aware of noncompliance with a requirement of the USFR that is not addressed in the Questionnaire, including the Arizona Administrative Code (A.A.C.), Title 7, Ch. 2, Articles 10 and 11, (School District Procurement Rules) and the Arizona Department of Education's (ADE) membership and attendance guidelines, the audit firm should include the compliance findings in its reports issued in accordance with Governmental Auditing Standards and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as applicable.

The audit firm must make the resulting audit documentation supporting the audit firm's Questionnaire responses and comments available on request for the Arizona Auditor General and the ADE's review. To facilitate this review, the audit firm should include in the audit documentation a copy of the Questionnaire with references to the audit procedures performed for each question.

Once the audit firm has completed, reviewed, and signed the Questionnaire, it must submit it electronically to the Arizona Auditor General by following the instructions at the end of the web-based auditor submission Questionnaire. Audit firms should print the file to PDF to create the Questionnaire document to distribute to the district. As required by A.R.S. §15- 914(D), the district must submit the completed Questionnaire with the audit reporting package to the district's county school superintendent's office and ADE.

Governing board/management procedures

Objective: To determine whether the governing board and District management have established and implemented certain procedures as required by statute.

01. The District held governing board meetings in accordance with A.R.S. §§38-431 to 38-431.09, and prepared and retained written minutes and/or recordings. — Yes

02. The District annually provided governing board members and employees guidance on what constitutes a substantial interest and that the conflict-of-interest (COI) statutes apply to all District governing board members and employees as a part of their employment. A.R.S. §§38-502, A.R.S. 38-503, and 38-509 — Yes

03. The District annually obtained COI forms that allowed governing board members and employees to make known and fully disclose a COI in any contract, sale, purchase, service, or decision, and prior to accepting the forms, management reviewed the information to ensure governing board members and employees properly completed the form and sufficiently disclosed the required information. A.R.S. §§38-502 and 38-503

Yes

04. The District maintained, for public inspection, a special file with all documents necessary to memorialize all governing board members and employees COI disclosures. A.R.S. §38-509

Yes

05. Employees or governing board members with reported conflicts, except as provided in A.R.S. §15-323, refrained from voting upon or otherwise participating in any manner in that contract, sale, purchase, service, or decision of the school district. A.R.S. §§38-502 and 38-503(A) and (B)

Yes

06. The District's management notified the Arizona Auditor General and appropriately resolved all allegations of theft, fraud, or misuse of District monies and assets in a timely manner.

N/A

No allegations of theft, fraud, or misuse during fiscal year 2024-2025.

07. The governing board established written personnel and payroll policies and approved employee contracts, wage agreements, salary and wage schedules, and any other agreed-upon terms of employment.

Yes

08. The governing board appointed a student activities treasurer and, if applicable, assistant student activities treasurers. A.R.S. §15-1122

Yes

09. The governing board received monthly Student Activities Fund Reports of Cash Receipts, Disbursements, Transfers, and Cash Balances that were accurately prepared. A.R.S. §15-1123

Yes

10. The governing board approved student clubs' and organizations' fund-raising events. A.R.S. §15-1121 and AG Opinion I84-018 — Yes

Sample

10

11. The governing board obtained voter approval to construct buildings and purchase or lease school sites, unless otherwise exempted by A.R.S. §15-342(25). — N/A

No such expenditures.

Budgeting

Objective: To determine whether the District's budget preparation processes ensure that the District properly allocates the monies it receives, stays within those budgets, and accurately informs the public about the use of those monies.

01. The budget included all funds as required by A.R.S. §15-905 and followed the form's Budget —Submission and Publication Instructions. — No

The notice of public hearing for the December revised budget was not posted 10 days prior to the meeting date.

02. Total budgeted expenditures on the originally adopted budget for the Maintenance and Operation (M&O) and Unrestricted Capital Outlay Funds (UCO) were less than or equal to the budgeted amounts on the published proposed budget and within the general budget limit (GBL) and the unrestricted capital budget limit (UCBL). A.R.S. §15-905(E) — Yes

03. The District revised its budget on or before December 15, if ADE notified the District that its M&O or UCO Fund budgeted expenditures exceeded the GBL or UCBL. A.R.S.§15-905(E). — Yes

04. The District completed its revised expenditure budget before May 15 and filed it electronically with the Superintendent of Public Instruction by May 18. A.R.S.§15-905(I). — Yes

05. The District reduced the budget by the prior year's overexpenditure (or a portion of the prior year's overexpenditure, as approved by the Superintendent of Public Instruction) or the District began the process to correct its prior year's data that impacts state-aid and/or budget capacity. A.R.S.§§15-905(M) and 15-915

N/A

No prior year over-expenditure.

Accounting records

Objective: To determine whether the District accurately maintains accounting records to provide support for financial information. Test work should indicate the procedures performed to document what processes and controls the District has in place to reduce the risk of undiscovered errors that would affect the reliability of information reported to the public and oversight agencies, such as tracing detailed source documents to the District's trial balance that agree to the financial statements.

01. The District coded transactions in accordance with the USFR Chart of Accounts.

No

For one of 40 employee payroll transactions reviewed, the expenditures were not coded in accordance with the USFR Chart of Accounts. A substitute teacher was coded to object code 6112 instead of object codes 6105-6109. Additionally, the District incorrectly coded $162,952 of federal revenues to Fund 100 instead of Fund 140.

02. The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.

Yes

Population: 1520

Sample: 25

03. The District transferred monies only between funds listed in the USFR §III Chart of Accounts–Authorized Transfers.

Yes

Population: 10

Sample: 10

04. The District documented a monthly reconciliation of its revenues, expenditures, transfers, and cash balances by fund monthly and at year-end, after all encumbrance transactions were recorded, to the county school superintendent (CSS) and county treasurer records, as applicable, and properly researched and resolved differences. — No

Although the District performed reconciliations timely, reconciling items were not resolved timely. Additionally, the District used incorrect numbers for its County Cash Reconciliation for two Treasurer funds.

Cash and revenue

Objective: To determine whether the District maintained controls over cash transactions to safeguard monies, protect employees involved in handling monies from accusations of misuse, and reduce the risk of theft or loss. Test work for cash and revenue should document how the processes work, employees involved in those processes, and how the processes were verified.

01. The District maintained only authorized bank accounts as listed in the USFR and did not have any inactive bank accounts. — Yes

02. The District used an M&O Fund revolving bank account in accordance with A.R.S. §15-1101. — N/A

No account.

03. The District used miscellaneous receipts clearing bank account(s) in accordance with A.R.S. §15-341(A)(20). — Yes

04. The District used a Food Service Fund clearing bank account(s) in accordance with USFR page X-F-5 and Arizona Attorney General Opinion I60-35. — Yes

05. The District used a Food Service Fund revolving bank account in accordance with A.R.S. §15-1154. — N/A

No account.

06. The District used an Auxiliary Operations Fund bank account in accordance with A.R.S. §15-1126. N/A

No account.

07. The Auxiliary Operations Fund bank or treasurer account deposits included all monies raised in connection with the activities of school bookstores and athletics. A.R.S. §15-1125. Yes

Population: 33843

Sample: 10

08. The extracurricular activities fees tax credit (tax credit) monies were included in the Auxiliary Operations Fund or separately accounted for in an Extracurricular Activities Fees Tax Credit Fund. A.R.S. §15-341(A)(19 and (20) Yes

09. The District used the Auxiliary Operations Fund revolving bank account(s) in accordance with A.R.S. §15-1126. N/A

No account.

10. The District used the Student Activities Fund bank account(s) in accordance with A.R.S. §15-1122. N/A

No account.

11. The Student Activities Fund monies were deposited in a bank or treasurer account designated as the Student Activities Fund account. Yes

12. The District used the Student Activities Fund revolving bank account in accordance with A.R.S. §15-1124. N/A

No account.

13. The District used the federal payroll tax withholdings bank account in accordance with USFR page VI-H-6. Yes

14. The District used the State income tax withholdings bank account in accordance with A.R.S. §15-1222. Yes

15. The District used the employee insurance programs withholdings bank account(s) in accordance with A.R.S. §15-1223. N/A

No account.

16. The District used the payroll direct deposits clearing bank account in accordance with A.R.S. §15-1221. N/A

No account.

17. The District used the electronic payments clearing bank account in accordance with A.R.S. §15-1221. No

The District did not maintain support showing governing body or designee approval of a bank account opened during fiscal year 2024-25.

18. The District used the grants and gifts to teachers bank account in accordance with A.R.S. §15-1224. N/A

No account.

19. The District used the principals' supplies bank account(s) in accordance with A.R.S. §15-354. N/A

No account.

20. The use of debit cards was prohibited as a payment method associated with any District bank account. Yes

21. The District paid bank charges from only the M&O Fund revolving bank account, Food Service Fund revolving bank account, Auxiliary Operations Fund bank account, and Auxiliary Operations Fund revolving bank account(s) or, if not, the bank charges were reimbursed from an appropriate District fund or bank account.

Yes

22. The District separated responsibilities for cash-handling and recordkeeping among employees (i.e., receiving, depositing, and recording revenues), to safeguard monies.

Yes

23. The District supported deposits with issued receipts, cash receipt summary reports, mail logs, etc., and reconciled sales to amounts collected with summary reports or ticket logs.

Yes

Sample

30

24. The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.

Yes

Sample

30

25. The District's deposits with the county treasurer were reconciled.

Yes

26. The District retained supporting documentation for disbursements from bank accounts. N/A

No disbursements from bank accounts.

Sample

0

27. The District safeguarded unused checks. Yes

28. The District safeguarded signature stamps, signature plates, and electronic or digital signatures used for approving accounting transactions, checks, and other District documents to ensure that access was limited to only the employee whose signature they represented. Yes

29. An employee not involved with cash-handling or issuing checks reconciled all District bank accounts monthly, and an employee independent of the cash-handling process reviewed, signed, and dated the monthly bank reconciliations. Yes

30. The District tracked and reconciled the number of meals sold to the total cash collected per day. Yes

Supplies inventory

Objective: To determine whether the District has effective controls in place to safeguard significant amounts of supplies stored for future use, report inventories, and prevent theft, overstocking, understocking, spoilage, and obsolescence.

01. The District maintained supplies inventory for significant amounts of supplies stored for future use and physically safeguarded supplies to prevent unauthorized use, theft, damage, and obsolescence and enable accurate financial reporting. — Yes

Property control

Objective: To determine whether the District has effective controls to safeguard property from theft and misuse since significant resources are invested in acquiring and maintaining District property. Test work should be completed on a sample basis annually and documented to ensure that land, buildings, and equipment are properly valued, classified, and reported on the stewardship and capital assets lists.

01. The District maintained a capital assets list that included all required information listed in the USFR for all land, land improvements, buildings, building improvements, and equipment with costs that exceed the District's adopted capitalization threshold. — No

The capital asset listing was maintained in Visions. The following errors were noted with the District's capital asset listing:
1) One purchase was added as a capital asset addition in error as it was not capital in nature.
2) One asset had completed its useful life but continued to depreciate in the accounting system.
3) Right-to-use SBITA assets were not classified consistently year to year.

02. The District had security controls in place to help prevent theft, loss, unauthorized use, or damage to District property. — Yes

03. The District recorded additions including financed assets on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually. — Yes

04. The District's stewardship list for items costing at least $1,000 but less than the District's capitalization threshold, including financed assets, included all required information. — Yes

The stewardship listing was maintained in Visions.

05. The District’s capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list. — No

For two of five items selected from the stewardship listing, the items were not found on the premises as they were previously disposed of. Additionally, for one of five items selected from the premises, the item could not be located on the stewardship or capital asset listing.

06. The District reconciled the current year's June 30 capital assets list to the previous year's June 30 list. Yes

07. The District performed a physical inventory of all equipment at least every 3 years and reconciled the inventory results to the stewardship and capital assets lists upon completion. Yes

Data Entry

Inventory: 4/30/2025, Re

08. The governing board or authorized designee approved stewardship and capital asset disposals during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with A.A.C. R7-2-1131. Yes

Data Entry

8/27/2024, 11/19/2024, 3

Expenditures

Objective: To determine whether the District has effective controls for expenditures in place to ensure expenditures are for an allowable District purpose. Test work should document processes and controls that demonstrate expenditure transactions are properly approved, are for an amount within budget capacity or available cash, and protect employees from allegations of misuse.

01. The District separated responsibilities for expenditure processing among employees (i.e., voucher preparation, recordkeeping, and authorization). Yes

02. The District monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders (PO) and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916. Yes

03. The District's expenditures were made only for allowable District purposes, properly satisfied the specific purposes required for any restricted monies spent, and were adequately supported by documentation required by the USFR. Yes

Sample

90

04. The District's extracurricular activities fees tax credit monies were expended only for eligible activities that qualified under A.R.S. §§43-1089.01 and 15-342(24). Yes

Population

825

Sample

5

05. The District's Student Activities Fund disbursements and transfers of monies among student clubs were issued only when cash was available in the student club account and properly authorized by or on behalf of the student members of a particular club and documented in the club minutes. Yes

06. The District agreed invoice amounts to contract pricing and terms and conditions for expenditures made through written quotes or competitively awarded contracts, including cooperative contracts. Yes

07. The District prepared an Advice of Encumbrance for levy funds based on the list of liabilities for goods or services received but not paid for by June 30, including payroll, and filed it with the CSS by July 18. A.R.S. §15-906 (Districts authorized by A.R.S. §15-914.01 to participate in the accounting responsibility program should perform the duties as described in A.R.S. §15-304.) Yes

08. The District properly prepared the Career Technical Education District (CTED) Supplanting worksheet and adequately supported that monies received from a CTED were used only for career and technical education and to supplement, rather than supplant, the District's base year career and technical education courses. A.R.S. §15-393

No

The District did not include the correct base level information in the CTED supplanting worksheet as initially prepared; however, this did not affect the supplanting determination.

09. The District retained fully executed copies of each intergovernmental agreement (IGA) and payments for services were made or received, as applicable. A.R.S. §11-952

Yes

Travel

Objective: To determine whether the District implemented effective controls to ensure employees and governing board members were traveling for District purposes and travel expenditures and reimbursements complied with the Arizona Department of Administration (ADOA) limits.

01. The District's travel expenditures (lodging, meals, and incidentals) and mileage reimbursements were for District purposes and reimbursed within the maximum reimbursement amounts established by the Director of the ADOA and in accordance with governing-board-prescribed policies and procedures. Amounts were reimbursed and reported as a taxable employee benefit if no overnight stay or no substantial sleep/rest occurred. A.R.S. §15-342(5)

Yes

Population	Sample
660	5

Credit cards and p-cards

Objective: To determine whether the District has implemented effective controls over credit card and purchasing card (p-card) purchases to help reduce the risk of misuse and unapproved or fraudulent transactions.

01. The District used credit cards. Yes

Data Entry

5 credit cards, 22 store c

02. The District used p-cards. N/A

No p-cards.

Data Entry

0

03. The District ensured different employees were responsible for issuing cards; requesting, authorizing, and executing purchases; and payment processing. Yes

04. The District issued and tracked possession of all District credit cards and trained employees who make credit card purchases or process transactions on the District's policies and procedures. Yes

05. The District recovered cards immediately from terminated employees. Yes

06. The District's management periodically reviewed purchases for unauthorized vendors and purchases over approved limits and/or purchases that circumvent the procurement rules and District policies. Yes

07. The District ensured someone other than a card user reconciled credit card and p-card supporting documentation and billing statements. Yes

08. The District's card purchases were only for authorized District purposes, within the dollar limits authorized for the employee, and supported by valid receipts or transaction logs that clearly identify the employee making the purchase. Yes

09. The District paid credit card and p-card statements before the due date to avoid finance charges and late fees. Yes

Procurement

Objective: To determine whether the District followed the A.A.C. (School District Procurement Rules) and USFR purchasing guidelines to promote fair and open competition among vendors that helps ensure the District is getting the best value for the public monies it spends.

01. The District requested at least 3 written quotes for purchases costing at least $10,000 but less than $100,000 and followed the guidelines prescribed by the USFR. Yes

Population	Sample
42	15

02. The District properly procured expenditures that individually or cumulatively totaled over $100,000. Yes

03. The District maintained a list of prospective bidders. A.A.C. R7-2-1023 Yes

04. The District issued solicitations for invitation for bids (IFB) or request for proposals (RFP) during the fiscal year. Yes

05. The District published and, as applicable, provided other adequate notice of the issuance of solicitations. A.A.C. R7-2-1022, R7-2-1024(C), or R7-2-1042(C) Yes

Population	Sample	Data Entry
3	3	2 RFPs, 1 RFQ

06. The District issued solicitations at least 14 days before the time and date set for bid opening or the closing date and time for receipt of bids or proposals. A.A.C. R7-2-1024(A) or R7-2-1042(B) Yes

07. The District included all required content in the solicitation, as applicable. A.A.C. R7-2-1024(B) or R7-2-1042(A) Yes

08. The District recorded the time and date that sealed bids or proposals were received and stored bids or proposals unopened until the time and date set for opening. A.A.C. R7-2-1029 or R7-2-1045 Yes

09. If the District awarded multiple contracts, it established and followed procedures for the use and award of multiple contracts. A.A.C. R7-2-1031(D) and R7-2-1050(C) N/A

No multiple awards.

10. The District evaluated bids/proposals and awarded contracts according to A.A.C. R7-2-1031, R7-2-1032, R7-2-1046(A)(1), or R7-2-1050 and retained documentation to support the award(s). — Yes

11. If the District procured construction projects that used construction-manager-at-risk, design-build, job-order-contracting, or qualified select bidders lists to procure construction services, it complied with the requirements of A.A.C. R7-2-1100 through R7-2-1115. — Yes

12. The District obtained signed procurement disclosure statements for all procurement consultants, members of a procurement advisory group, or evaluation committee involved in each specific procurement process. A.A.C. R7-2-1008 — Yes

13. The District prepared the applicable written determinations as required by the specific procurement rule(s). A.A.C. R7-2-1004 — Yes

14. The District followed A.R.S. §15-213, and A.A.C. R7-2-1093 for the use of multi-term contracts. — Yes

15. The District followed A.A.C. R7-2-1117 through R7-2-1123 for contracts for specified professional services. — N/A

No such contracts.

16. The District's procurement files included the required information, as applicable. A.A.C. R7-2-1001(97) — Yes

17. The District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of $300 or more. A.R.S. §15-213(N) and A.A.C. R7-2-1003

Yes

18. The District used only school district purchasing cooperatives contracts from cooperatives it was a member of or used only lead district contracts that it was listed as a member of in the solicitation or ensured its additional purchases would not have materially increased the volume stated in the original solicitation. A.A.C. R7-2-1191 through R7-2-1195

Yes

19. The District performed due diligence to support the use of each cooperative or lead district contract the District made purchases from during the audit period. A.A.C. R7-2-1191(D)

Yes

Population	Sample	Data Entry
216	16	1GPA (Paradise Valley US

20. The District prepared written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative. A.A.C. R7-2-1004 and A.R.S. §15-213(B)

Yes

21. The District, when acting as a lead district in a procurement, followed the procurement procedures required for competitive sealed bidding or competitive sealed proposals, as applicable, and considered the total estimated volume of purchases for all public procurement units identified in the solicitation. A.A.C. R7-2-1011

N/A

District did not act as lead.

Population	Sample	Data Entry
0	0	0

22. For all emergency procurements, the District retained a written statement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and this statement was signed by the individual authorized to initiate emergency procurements. A.A.C. R7-2-1055 and R7-2-1056

N/A

No emergency procurements.

Sample

0

23. The District's governing board approved all sole-source procurements before any purchases were made, and the written determinations were retained in the procurement files. A.A.C. R7-2-1053 and R7-2-1086

Yes

Sample

15

24. For any purchase of services from governing board members or goods or services from District employees, regardless of the expenditure amount, the District followed the School District Procurement Rules, except as authorized by A.R.S. §15-323.

N/A

No such purchases.

25. The District followed the School District Procurement Rules for purchases of any supplies, materials, and equipment from governing board members if the purchase exceeded $100,000, or followed the guidelines for written quotes if below the threshold. A.R.S. §38-503(C)

N/A

No such purchases.

26. For purchases the District made from General Services Administration (GSA) schedules 70-IT and 84-Law Enforcement, the governing board first authorized the contracts in writing. A.R.S. §15-213(K) and A.A.C. R7-2-1196(C)

N/A

No such purchases.

Classroom site fund

Objective: To determine whether the District appropriately spent these State sales tax revenues for teacher pay and programs to support students, such as class size reduction, dropout prevention, and tutoring, as allowed by law.

01. The District's Classroom Site Fund (CSF) expenditures did not exceed its Classroom Site Fund Budget Limit (CSFBL). — Yes

02. The District adopted a performance-based compensation system for at least a portion of its CSF monies and ensured CSF expenditures were made only for allowable purposes listed in A.R.S §15-977. See CSF FAQs. — Yes

03. The District's CSF monies were used to supplement, rather than supplant, existing funding from all other sources (see CSF FAQ 3). — Yes

Payroll

Objective: To determine whether the District has implemented effective controls to reduce the risks associated with payroll expenditures by documenting evidence of review, verification, and approval to ensure employees are appropriately compensated.

01. The District's payroll-processing responsibilities (i.e., adding new employees, adjusting pay, payroll preparation, payroll authorization, and warrant distribution) were separated among employees. — Yes

02. The District established a delayed payroll system for hourly employees that did not delay payments more than 7 business days during its normal 2-week payroll processing cycle and allowed adequate time for payroll adjustments to be made, if needed, between the end of the pay period and the payment date. — Yes

03. The District required employees' contracts or personnel/payroll action forms to document the employees' election for prorated compensation. — Yes

04. The District ensured any adjustments to pay for employees who received prorated wage payments during the year were based on each employee's official rate of pay. N/A

No hourly employees receive prorated payments.

Population	Sample
0	0

05. The District ensured hourly employees were not paid for more than the actual hours worked to date. Yes

Population	Sample
646	22

06. The District's individual personnel files included all appropriate supporting documentation, as listed on USFR pages VI-H-4 through 6. Yes

07. The District ensured that valid fingerprint clearance cards were on file for all required personnel and a method to identify employees whose cards were going to expire was in place. A.R.S. §§15-512, 15-342, and 41-1750(G) Yes

08. The District enrolled employees who met the Arizona State Retirement System (ASRS) membership criteria, withheld employee contributions, and in a timely manner remitted employee and District contributions in accordance with the ASRS Employer Manual. Yes

09. The District accurately calculated and in a timely manner remitted the alternative contribution rate payments to ASRS for all applicable positions filled by ASRS retirees. ASRS Alternate Contribution Rate Yes

10. The District calculated the accrual and use of vacation, sick leave, and compensatory time for all employees in accordance with District accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon separation of employment following District policies. Yes

11. Attendance records were prepared for each pay period for each employee subject to the Fair Labor Standards Act (FLSA) and were approved by the employee and the employee's supervisor. Yes

12. The District's payroll reports were properly reviewed and approved before processing and distribution to employees. Yes

Financial reporting

Objective: To determine whether the District properly prepared its financial reports, including its Annual Financial Report (AFR), for the audit year to provide legislative and oversight bodies, investors and creditors, and the public a transparent view of the District's financial position and operational results.

01. Budgeted expenditures reported on the AFR agreed with the District's most recently revised adopted expenditure budget. Yes

02. The District completed and submitted all parts of the AFR reporting package, including the school-level reporting AFR, using its accounting data in the files and reported additional information required in the forms, such as revenue and expenditure amounts that were not automatically pulled from its accounting and student count data, and maintained applicable supporting documentation. A.R.S. §15-904(F) Yes

03. The District followed the AFR—Review, Submission, and Publication Instructions. Yes

04. The District properly prepared the Food Service page of the AFR and reported expenditures from the M&O Fund 001 and Capital Fund 610 that agreed with the District's accounting records. — Yes

05. Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements. — Yes

06. The District's website home page included its average teacher salary information, separately from the budget, required by A.R.S. §15-903(E) and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report, required by A.R.S. §41-1279.03(A)(9). — Yes

07. The District submitted the School District Employee Report (SDER) to ADE, and it was accurate and timely for ADE to calculate the Teacher Experience Index (TEI). A.R.S. §15-941 and School Finance Reports — Yes

08. The District submitted its prior year's audit reports and USFR Compliance Questionnaire to the CSS and ADE. A.R.S. §15-914(D) — No

The District did not submit the prior year USFR Compliance Questionnaire to ADE.

Student attendance reporting

Objective: To determine whether the District has implemented effective controls to report accurate student membership and attendance information to ADE to reduce the risk that the District received an inappropriate amount of State aid and/or local property taxes.

01. The District's calendar ensured school was in session for the required days and offered students the required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs as prescribed in A.R.S. §§15-808(J)(1), 15-901(A)(1), 15-901.07, and 15-901.08. — Yes

02. If the District had an early (pre-) kindergarten program, the District calculated and submitted membership information for early (pre-) kindergarten students' attendance records for this program only for students with disabilities. A.R.S. §15-901(A)(1)(a)(i) and USFR Memorandum No. 175

Yes

Sample

3

03. The District appropriately tracked and reported student membership and absences. A.R.S. §15-901

No

For one of seven high school students reviewed for partial day attendance, absences were reported incorrectly, resulting in an overstatement of 0.25 absences.

Population	Sample	Data Entry
11970	22	15 EJH, 7 HS

04. The District prorated high school students' membership if enrolled in less than 4 subjects.

Yes

Sample

7

05. The District was a CTED or CTED member.

Yes

06. The District had an AOI program. A.R.S. §15-808

Yes

07. For students enrolled in a program provided by a CTED in a facility the District owned or operated (satellite programs), the District reported the actual enrollment for only the District classes the student was enrolled in at the District's school (excluding CTED program classes) under the District's CTDS number.

Yes

Population: 1591

Sample: 7

08. For students enrolled in a program the CTED provided in a facility the District owned or operated (satellite programs), the District calculated student absences in accordance with ADE's methods based on the number of District classes the student was enrolled in and attended at the District's school (excluding CTED satellite program classes).

No

For four of seven CTED students reviewed for partial day attendance, absences were reported incorrectly, resulting in a net understatement of 0.50 absences.

Sample: 7

09. For CTED satellite programs, the CTED reported actual student enrollment data for only the CTED program classes the student was enrolled in at that member district's satellite location (excluding school district classes). A.R.S. §15-393(O)

N/A

Not a CTED.

Sample: 0

10. For CTEDs that meet for at least 150 minutes (not including any breaks) per class period on a CTED central campus, the CTED reported the membership as 0.75. A.R.S. §15-393(Q)

N/A

Not a CTED.

Sample: 0

11. For students enrolled in both District and in CTED central program courses, the sum of the ADM was no more than 1.75 and the amount claimed by either entity was no more than 1.0. A.R.S. §15-393(Q)

Yes

Sample

7

12. The District maintained appropriate documentation and accurately reported students enrolled in CTED programs, including accurately submitting scheduled hours of instruction and community college credits. A.R.S. §15-393

N/A

Not a CTED.

Sample

0

13. The District maintained appropriate documentation and accurately reported students enrolled in its AOI program, including redetermining the actual full time equivalent (FTE) for each student enrolled in an AOI program following a student's withdrawal or after the end of the school year. A.R.S. §15-808

Yes

Sample

7

14. The District ensured the student's name in the student management system matched the name on the legal document on file. A.R.S §15-828(D).

Yes

Sample

15

15. The entry date in the computerized attendance system agreed to the entry form. Yes

Population 602

Sample 15

16. The student membership begins on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school. ADE's External Guideline GE-17 First Day Absence Yes

17. The District obtained and maintained verifiable documentation of Arizona residency for enrolled students, including students in its AOI program. A.R.S. §15-802(B)(1) and ADE's Updated Residency Guidelines Yes

18. The District prepared and retained the Official Notice of Pupil Withdrawal form for each withdrawal, and the forms were signed by a District administrator. A.R.S. §15-827 Yes

19. The District counted students withdrawn for having 10 consecutive unexcused absences in membership only through the last day of actual attendance or excused absence. A.R.S.§15-901(A)(1) Yes

Population 27

Sample 15

20. The District uploaded membership and absence information to ADE that agreed to the District's computerized system records for the first 100 days of school. A.R.S.§15-901 Yes

21. The District excluded nonresident students from the District's student count and State aid calculations and charged tuition as applicable. A.R.S. §15-823(G) and (L)

N/A

No such students.

22. The District reported students who completed all high school requirements with the applicable graduation code and used the appropriate year-end status code for all other students.

Yes

Sample

7

23. The District followed the attendance procedures outlined in the approved Instructional Time Model (ITM), as specified in A.R.S. §15-901.08, for all students engaged in various modes of instruction.

Yes

Information technology

Objective: To determine whether the District adopted an information technology (IT) security framework that aligned with credible industry standards and implemented controls that provide reasonable assurance that its data is accurate and reliable and protected from unintended exposure and consequences. Test work should determine that the District adopted a framework and controls were operating to protect District and student data.

01. The District maintained adequate separation of duties in its IT systems that prevented 1 employee from completing a transaction without additional review and approval procedures.

Yes

02. The District reviewed and documented any system or software changes implemented.

Yes

03. The District assessed security risks for its systems and data, implemented appropriate controls to address risks, and provided employees/contractors annual security awareness training.

Yes

04. The District immediately and appropriately modified terminated or transferred employees', contractors', or vendors' access to all District systems.

No

The District did not remove access in the accounting system for one terminated employee.

05. The District's computer network, system software and hardware was physically protected from unauthorized access, theft, and environmental hazards.

Yes

06. The District scheduled and performed data backup-control procedures for all critical systems at least daily, or more frequently, to ensure uninterrupted operations and minimal loss of data.

Yes

07. The District routinely completed software and application updates and operating system patches when they became available.

Yes

08. The District had cloud computing, digital learning, and vendor contracts or data-sharing agreements in place with any 3rd parties accessing or hosting District data that addressed controls to support security and processing integrity, and backup procedures if applicable, before data was accessed/shared.

Yes

09. The District ensured changes to data in business (i.e., employee information, pay rates) and IT (i.e., user roles, access rights) systems were approved by an authorized individual prior to processing changes.

Yes

10. The District enforced data security policies related to passwords and user authentication that aligned with credible industry standards. — Yes

11. The District's IT systems generated electronic audit trail reports or change logs with information about electronic transactions that the District reviewed or analyzed regularly to determine transactions' propriety. — Yes

12. The District monitored and reviewed IT system-generated incident or error reports to identify network security threats or other unusual activity and addressed noted issues. — Yes

13. The District had incident response and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually. — Yes

Transportation support

Objective: To determine whether the District has implemented effective controls for its transportation program to ensure it properly reports its transportation miles and student riders to ADE, which helps to ensure the District receives the appropriate amount of State aid.

01. The District accurately calculated and maintained documentation for miles and students reported on the Transportation Route Report submitted to ADE. A.R.S. §15-922 — No

The District's supporting documentation for eligible students (2,719) did not agree to the TRAN 55-1 (2,702), for a difference of 17 students.

02. The District submitted the vehicle inventory report by July 15 to the Superintendent of Public Instruction. ADE Transportation Manual — Yes

Records management

Objective: **To determine whether the District has implemented effective controls to properly protect and maintain its records, including student and employee data, and that its records were disposed of securely and in accordance with established time frames.**

01. The District established and followed policies and procedures to properly protect, maintain, and dispose of personally identifiable information and confidential records, such as student and employee information and social security numbers. Retention Schedules | Arizona State Library (azlibrary.gov)

Yes

General long-term debt

Objective: **To determine whether the District is following the laws related to bonds to ensure voters are informed and the District complies with the bond covenants.**

01. The District calculated and issued any bonds in accordance with Arizona Revised Statutes and the Arizona Constitution. A.R.S. §15-1021

N/A

No bonds issued during the year.

02. The District expended bond proceeds only for voter-authorized purposes and not for items with useful lives less than the average life of the bonds issued or 5 years. A.R.S. §15-1021(F)

N/A

No Bond Building Fund.

03. If the District had outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, the governing board transferred the remaining balance to the Debt Service Fund. Otherwise, if the District had no outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, the governing board used the remaining balance to reduce taxes. A.R.S. §15-1024(B)

N/A

No Bond Building Fund.

04. The District credited interest or other money earned from investing bond proceeds to the Debt Service Fund unless the voters authorized the interest to be credited to the Bond Building Fund or federal laws or rules require the interest to be used for capital expenditures. A.R.S. §15-1024(C)

N/A

No Bond Building Fund.

05. The District held a public meeting each year between September 1 and October 31, until the bond proceeds are spent to discuss an update of the progress of capital improvements financed through bonding and the public was allowed an opportunity to comment. A.R.S. §15-491(K)

N/A

No Bond Building Fund.

All noted instances of any noncompliance with the USFR requirements have been included in the Questionnaire. As required by A.R.S. §15- 914(D), an independent certified public accountant (CPA) must submit the Questionnaire to the Arizona Auditor General.

Preparer	Title	Date
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