

**Creighton Elementary School District**  
**Uniform System of Financial Records Compliance Questionnaire**  
**For Fiscal Year Ended June 30, 2022**

## 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 (CQ).

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 CQ 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 CQ response. These instructions, the CQ questions, and the required review procedures constitute the minimum audit standards for completing the CQ. Required review procedures are included in the "tooltip" next to applicable questions in the web-based auditor submission CQ. The Arizona Auditor General may reject CQs 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 CQ 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 CQ.
- 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 CQ 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 CQ.
- 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 CQ, 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, or dollar amount of the error, and any other relevant information that would provide context for the deficiency.

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 CQ 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 CQ, including the 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 CQ 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 CQ with references to the audit procedures performed for each question.

Once the audit firm has completed, reviewed, and signed the CQ, it must submit it electronically to the Arizona Auditor General by following the instructions at the end of the web-based auditor submission CQ. Audit firms should print the file to PDF to create the CQ document to distribute to the district. As required by A.R.S. §15- 914(D), the district must submit the completed CQ 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.**

1. 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

2. The District annually provided guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees as part of their employment. [A.R.S. §§38-502](#) and [38-509](#)

Yes

3. The District annually obtained conflict-of-interest (COI) forms that adequately allowed governing board members and employees to fully disclose a conflict of interest in any contract, sale, purchase, or service, 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](#)

Yes

4. The District maintained, for public inspection, a special file with all documents necessary to memorialize all conflict-of-interest disclosures. [A.R.S. §38-509](#)

Yes

5. 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 purchase. [A.R.S. §§38-502\(11\)](#) and [38-503\(B\)](#).

N/A

No such purchases.

6. 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 2021-22.

7. 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

8. The governing board appointed a student activities treasurer and, if applicable, assistant student activities treasurers. [A.R.S. §15-1122](#)

Yes

9. 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

5

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\(25\)](#).

Yes

## 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.**

1. The budget included all funds as required by [A.R.S. §15-905](#) and followed the form's [Budget—Submission and Publication Instructions](#).

Yes

2. 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. [A.R.S. §15-905\(E\)](#).

Yes

3. Total budgeted expenditures on the adopted budget for the M&O Fund and UCO Fund were within the general budget limit and the unrestricted capital budget limit. If not, and ADE notified the District that the budget exceeded either limit, the District followed the requirements of [A.R.S. §15-905\(E\)](#).

Yes

4. 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

5. 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 [A.R.S. §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.

1. The District coded transactions in accordance with the [USFR §III Chart of Accounts](#).

No

A deposit of \$40,036 was incorrectly coded to ESSER II instead of ESSER III. Additionally, transactions were not properly recorded in fund 375 rather, expenditures remained in funds 001 and 610 at year-end. Further, State Aid had not been properly allocated between funds however, property taxes were erroneously adjusted, rather than State Aid, in FY 2023 rather than FY 2022. Audit adjustments were necessary to properly state the financial statements.

2. 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

135

Sample

15

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

Yes

Population

14

Sample

14

4. The District documented and dated a monthly review of financial transactions the county school superintendent (CSS) initiated (i.e., revenue or journal entries) for propriety and researched and resolved any differences.

Yes

5. The District reconciled cash balances by fund monthly with the CSS or county treasurer’s records, as applicable, and properly supported, documented, and dated the reconciliations.

Yes

6. The District reconciled revenues, expenditures, expenses, and cash balances (as applicable) by fund, program, function, and object code at least at fiscal year-end with the CSS, and the reconciliation was reviewed and properly supported.

Yes

# 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.**

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

Yes

2. The District used an M&O Fund revolving bank account in accordance with [A.R.S. §15-1101](#).

Yes

3. The District used miscellaneous receipts clearing bank account(s) in accordance with [A.R.S. §15-341\(A\)\(20\)](#).

Yes

4. The District used a Food Service Fund clearing bank account(s) in accordance with [USFR page X-F-5](#) and [Arizona Attorney General Opinion 160-35](#).

Yes

5. The District used a Food Service Fund revolving bank account in accordance with [A.R.S. §15-1154](#).

N/A

No account.

6. The District used an Auxiliary Operations Fund bank account in accordance with [A.R.S. §15-1126](#).

N/A

No account.

7. 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. §15-1126](#)

N/A

No account.

Population

0

Sample

0

8. The extracurricular activities fees tax credit monies were included in the Auxiliary Operations Fund and/or separately accounted for in a Extracurricular Activities Fees Tax Credit Fund.

Yes

9. 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](#). Yes ▼

16. The District used the payroll direct deposits clearing bank account in accordance with [A.R.S. §15-1221](#). Yes ▼

17. The District used the electronic payments clearing bank account in accordance with [A.R.S. §15-1221](#). N/A ▼

No account.

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

10

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

Yes

Sample

10

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

Yes

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

Yes

Sample

5

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

No signature plates.

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

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 controls in place to help physically safeguard and report inventories to prevent theft, overstocking, understocking, spoilage, and obsolescence.

1. The District physically safeguarded supply inventories 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.

1. 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.

Yes

The capital asset listing was maintained in Visions.

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

Yes

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

Yes

4. The District's stewardship list for items costing at least \$1,000 but less than the District's capitalization threshold, included financed assets, and contained all required information.

Yes

The stewardship listing was maintained in Visions.

5. The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.

No

For five of five capital asset items and 10 of 10 stewardship items reviewed, the tag number and asset information could not be agreed between the physical item and the asset listing.

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

Yes

7. 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.

No

The last physical inventory has not been reconciled.

Data Entry

Inventory: 10/10/22

8. The governing board or authorized designee approved stewardship and capital asset items disposed of during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with [Arizona Administrative Code \(A.A.C\) R7-2-1131](#).

N/A

No disposals during the fiscal year.

Data Entry

N/A

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.**

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

Yes

2. 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](#), [A.R.S. §15-304](#), [A.R.S. §15-907](#), and [A.R.S. §15-916](#).

Yes

3. 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

80

4. 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

81

Sample

5

5. 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

6. The District’s expenditures made through written quotes or competitively awarded contracts, including cooperative contracts, agreed to quoted amounts or contract pricing and terms.

Yes

7. The District prepared an Advice of Encumbrance for levy funds based on list the 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

8. 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 vocational education spending. [A.R.S. §15-393](#)

N/A

No CTED revenues.

9. 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 were traveling for District purposes and appropriately compensated.**

1. 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 Arizona Department of Administration 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.

Population

101

Sample

5

## Credit cards and p-cards

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

1. The District used credit cards.

Yes

Data Entry

4 store cards

2. The District used p-cards.

Yes

Data Entry

18 p-cards

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

Yes

4. 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

5. The District recovered cards immediately from terminated employees.

Yes

6. 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

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

Yes

8. 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

9. 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 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.**

1. 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

17

Sample

15

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

Yes

3. The District maintained a list of prospective bidders. R7-2-1023

Yes

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

Yes

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

Yes

Population

6

Sample

6

Data Entry

4 IFBs, 2 RFPs

6. 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. R7-2-1024(A) or R7-2-1042(B)

Yes

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

Yes

8. 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. R7-2-1029 or R7-2-1045

Yes



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

N/A

No multiple awards.

10. The District awarded contracts according to 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 R7-2-1100 through R7-2-1115.

Yes

12. The District obtained signed procurement disclosure statements for all employees with job responsibilities related to each procurement and for all nonemployee consultants or technical advisors involved in each procurement process. R7-2-1008 and R7-2-1015

Yes

13. The District prepared applicable written determinations as required throughout the procurement rules that specify the reasons for the determination and how the determination was made. R7-2-1004.

Yes

14. The District followed [A.R.S. §15-213](#), and R7-2-1093 for the use of multi-term contracts.

Yes

15. The District followed 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. 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 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. 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.

Yes

Population

101

Sample

10

Data Entry

SAVE (Paradise Valle

20. The District prepared written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative, including how the determination was made. R7-2-1004

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. R7-2-1011

N/A

District did not act as lead.

Population

0

Sample

0

Data Entry

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. 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. R7-2-1053 and R7-2-1086

Yes

Sample

9

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 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.**

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

Yes

2. 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

3. 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.**

1. 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

2. 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

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

Yes

4. 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 received prorated payments.

Population

0

Sample

0

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

Yes

Population

303

Sample

31

6. The District's individual personnel files included all appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4.

Yes

7. 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

8. The District enrolled employees who met the ASRS membership criteria, withheld employee contributions, and in a timely manner remitted employee and District contributions in accordance with the ASRS Employer Manual.

Yes

9. 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 was 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.**

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

Yes

2. The District reported revenue and expenditure amounts on the AFR that agreed with the District's accounting records and applicable supporting documentation.

Yes

3. The District prepared the AFR and AFR summary (if one was prepared) with all information as required by [A.R.S. §15-904](#), and followed the [AFR Review, Submission, and Publication Instructions](#)

Yes

4. 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

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

Yes

6. The District’s website included its average teacher salary information 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

Yes

7. The District submitted the School District Employee Report (SDER) to ADE, and it was accurate and timely. [A.R.S. §15-941](#) and [School Finance Reports](#)

Yes

## 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.**

1. 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

2. 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

3. The District appropriately tracked and reported student membership and absences. [A.R.S. §15-901](#)

No

For nine of 15 partial days reviewed, absences were not reported correctly, resulting in a net understatement of 4.0.

Population

4928

Sample

15

Data Entry

15 EJH

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

N/A

No students enrolled in less than four subjects.

Sample

0

5. The District was a CTED or CTED member.

N/A

District was not a CTED or CTED member.

6. The District had an AOI program. [A.R.S. §15-808](#)

Yes

7. 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.

N/A

Population

0

Sample

0

8. 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)

N/A



9. 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\(Q\)](#)

N/A

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

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\(Q\)](#)

N/A

Sample

0

12. 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](#)

No

For seven of seven AOI students reviewed, the student's FTE was not re-determined following withdrawal or after the end of the school year.

Sample

7

13. 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\(D\)](#).

No

For one of 15 students reviewed, the District did not maintain the student's legal document on file, and therefore, it could not be determined whether the student's name in the student's management system matched.

Sample

15

14. The entry date in the computerized attendance system agreed to the entry form and was entered into the attendance system within 5 working days after the actual date of the student's enrollment. [A.R.S. §15-828](#).

No

For one of 15 entries reviewed, the date on the entry form did not agree to the date in the computerized attendance system and was not entered into the attendance system within 5 working days.

Population

115

Sample

15

15. 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](#)

Yes

16. 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

17. The District reported student withdrawal dates to ADE within 5 working days and maintained documentation that supported the date of data entry.

No

For one of 15 withdrawals reviewed, the date on the withdrawal form did not agree to the date in the computerized attendance system and was not entered into the attendance system within 5 working days.

Population

192

Sample

15

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\(A\)\(1\)](#)

No

For three of 15 withdrawals due to consecutive unexcused absences reviewed, documentation showing that the students were counted in membership through the last day of actual attendance or excused absence was not maintained. Additionally, for three of 15 withdrawals due to consecutive unexcused absences reviewed, the last day of attendance was recorded as the day the student was dropped, rather than the student's last day of attendance or excused absence.

Population

29

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.

No

No high school.

Sample

0

23. For students participating in distance learning, the District followed attendance procedures defined in a governing-board-adopted ITM.

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.**

1. 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

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

Yes

3. The District assessed security risks for its systems and data and provided employees annual security awareness training.

Yes

4. The District immediately and appropriately modified terminated or transferred employees’ or vendors’ access to all District systems.

Yes

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

Yes

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

Yes

7. The District routinely completed software and application updates and patches when they became available.

Yes

8. The District had 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

9. 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 security threats or other unusual activity and addressed noted issues.

Yes

13. The District had recovery 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.**

1. 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](#)

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.**

1. 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. [www.azlibrary.gov/records](http://www.azlibrary.gov/records)

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.

1. The District calculated and issued any bonds in accordance with Arizona Revised Statutes and the Arizona Constitution. [A.R.S. §15-1021](#)

Yes

2. 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\(F\)](#)

Yes

3. 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

Bond Building Fund still active.

4. 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\(C\)](#)

Yes

All noted instances of any noncompliance with USFR requirements have been included in the CQ.

Preparer (AUDIT FIRM Representative)	Title	Date
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