



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board
Fountain Hills Unified School District No. 98
Fountain Hills, AZ

We have performed the procedures enumerated in the accompanying Uniform System of Financial Records Compliance Questionnaire for Fountain Hills Unified School District No. 98 (District) which were agreed to by the District and the Arizona Office of the Auditor General, solely to assist you and the Arizona Office of the Auditor General in evaluating the District's compliance with the requirements of the Uniform System of Financial Records Compliance Questionnaire for the year ended June 30, 2018. Consequently, we make no representation regarding the sufficiency of the procedures described in the Uniform System of Financial Records Compliance Questionnaire either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the Uniform System of Financial Records Compliance Questionnaire. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We completed the accompanying Uniform System of Financial Records Compliance Questionnaire in accordance with the instructions contained therein. Our findings are contained throughout the questionnaire after "No" answers.

This report is intended solely for the information and use of the District and the Arizona Office of the Auditor General and is not intended to be and should not be used by anyone other than those specified parties.

Henry + Horne LLP

Casa Grande, Arizona
January 24, 2019

CTD Number 070298

Uniform System of Financial Records

Compliance Questionnaire

For Fiscal Year Ended June 30, 2018¹

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¹ This questionnaire must be used for fiscal year (FY) 2018 audits and thereafter.

INSTRUCTIONS

Arizona Revised Statutes (A.R.S.) §15-271 requires the Auditor General's Office to inform any school district failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records* (USFR) that it has 90 days to correct the cited deficiencies. To assist the Auditor General's Office in determining whether a district has attained an acceptable degree of compliance with the requirements of the USFR, the audit firm must complete this USFR Compliance Questionnaire.

In addition, 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 audit to determine whether the District is in compliance with the applicable procurement and student attendance laws and rules of the State of Arizona. Districts meet these requirements by having their audit firm complete the Expenditures and Procurement questions and Student Attendance Reporting questions.

The completed questionnaire must be submitted with the audit reporting package to our Office and the Arizona Department of Education (ADE). Once the audit firm has completed, reviewed, and signed the questionnaire, it must be submitted electronically to the Office of the Auditor General by selecting the "Submit" button at the top of the questionnaire. Audit firms should print the file to PDF to create the questionnaire document to distribute to ADE and the District.

The USFR Compliance Questionnaire must be completed in accordance with the requirements prescribed below by the Auditor General's Office. Audits not meeting these requirements may be rejected.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the District is in compliance with the USFR, and the evidence must be included in the audit documentation. If the evidence was obtained and documented during the financial statement audit, that evidence may be referenced to answer questions.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers to the questionnaire. Sufficient evidence of approval includes signatures or initials and dates.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population. Also, additional instructions in the Expenditures and Procurement and Student Attendance Reporting sections prescribe minimum sample sizes that must be used for specific questions.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the District is in compliance with the USFR on that question.
- ◆ For questions related to the establishment of policies and procedures, also consider if they were implemented, followed, and systematically communicated to employees.
- ◆ For Governing Board/Management Procedures question 4, the audit firm should confirm management's appropriate action to resolve all allegations of theft, fraud, or misuse of district monies or assets by either examining copies of the incident reports or communicating with the agency involved in investigating the allegation.
 - If the audit firm determines that district management was aware of allegations but did not appropriately resolve them in a timely manner (e.g., no action was taken, actions were not documented, actions were delayed, inadequate, or inappropriate to the circumstances), the audit firm should answer the question "No." This includes instances where an external investigation is underway for allegations, but district management did not request the investigation, was not fully cooperating with the investigators, or was not otherwise attempting to resolve the allegations.
 - If the audit firm determines that district management was not aware of any allegations (based on inquiry, review of Governing Board minutes, search of local media coverage, and results of audit test work), the question should be answered "NA"
 - If the audit firm finds evidence of theft, fraud, or misuse of district assets but does not find evidence that district management was aware of the possible theft, fraud, or misuse, the audit firm should appropriately investigate and report the theft, fraud, or misuse to the Auditor General's Office, but this question would be answered "NA"
- ◆ A "Yes" answer indicates that the audit firm has determined that the District is in compliance with the USFR on that question and a "No" answer indicates the District does not comply. However, the final determination of compliance on each question, as well as overall compliance with the USFR, is made by the Auditor General's Office based on the

evidence presented in the questionnaire, audit reports, the audit documentation, and any other sources of information available.

- ◆ All “No” answers must be adequately explained in the box below the question. Deficiencies must be described in sufficient detail to enable our Office 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.
- ◆ All “NA” answers must be adequately explained in the box below the question, unless the reason for the N/A is obvious.
- ◆ Cash and Revenues questions apply to all of the District's cash and revenue, including food service, auxiliary operations, extracurricular activities fees tax credit, and student activities receipts and bank accounts, as applicable. Comments for “No” answers to these questions should indicate the type of receipt or bank account to which the deficiency applies.
- ◆ The questions in this compliance questionnaire do not address all requirements of the USFR. If the audit firm is aware of noncompliance with a requirement of the USFR, including the School District Procurement Rules and ADEs membership and attendance guidelines, that are not addressed in this questionnaire, 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)*, if applicable.

The resulting audit documentation supporting the audit firm's answers on the questionnaire must be made available on request for the Auditor General's Office and ADEs review. To facilitate this review, the audit firm may wish to include in the audit documentation a copy of the questionnaire with references to the audit procedures performed for each question.

YES/NO

BUDGETING-USFR IV

1. Was the proposed expenditure budget submitted electronically to the Superintendent of Public Instruction and the County School Superintendent (CSS), unless waived by the CSS, no later than July 5 or the date of publication or mailing of the notice of public hearing? A.R.S. §15-905(A)

Yes
2. Was the notice of the public hearing/board meeting published, electronically transmitted to ADE, or mailed no later than 10 days before the meeting to adopt the budget? A.R.S. §15-905(C)

Yes
3. Was proper notification of the proposed expenditure budget or summary of the proposed budget and the notice of hearing given? A.R.S. §15-905(C)
 - Published in a newspaper of general circulation within the District?
 - Posted on ADE's website with a link on the District's website to ADE's website where the information could be viewed?
 - Mailed to each household in the District?

Yes
4. Were the total budgeted expenditures on the adopted budget for the Maintenance and Operation (M&O) and Unrestricted Capital Outlay Funds less than or equal to the budgeted amounts on the published proposed budget? A.R.S. §15-905(E)

Yes
5. Was the expenditure budget adopted no later than July 15 and filed electronically with the CSS and the Superintendent of Public Instruction by July 18? A.R.S. §15-905(B) and (E)

Yes
6. Did the District provide a link on its website to ADE's website where the District's proposed and adopted budgets could be viewed, regardless of publication method noted in # 3 above? A.R.S. §15-905(A) and (E)

Yes
7. Did the adopted expenditure budget include all funds? A.R.S. §15-905(A)(1)

Yes
8. If the Governing Board received notification from ADE that the budget was in excess of the general budget limit or the unrestricted capital budget limit by 1 percent of the general budget limit did it give notice, hold a public meeting, and adopt a revised budget before December 15 which did not exceed those limits and file it electronically with the CSS and the Superintendent of Public Instruction by December 18? A.R.S. §15-905(E)

The Governing Board did not receive notification.

N/A
9. If the District revised the adopted expenditure budget, was the revision completed before May 15 and filed electronically with the CSS and the Superintendent of Public Instruction by May 18? A.R.S. §15-905(I)

Yes
10. Were the total budgeted expenditures for the M&O Fund within the general budget limit and were the total budgeted expenditures for the Unrestricted Capital Outlay Fund within the unrestricted capital budget limit? A.R.S. §15-905(E)

Yes
11. If the District had an over-expenditure in the prior year, did the District reduce its budget by the prior year's over-expenditure (or a portion of the prior year's over-expenditure, as approved by the Superintendent of Public Instruction) or was the District actively correcting its prior year's data pursuant to A.R.S. §15-915, which would reduce or eliminate the prior year's over-expenditure? A.R.S. §15-905(M)

N/A

The District did not have over expenditures in the prior year.

ACCOUNTING RECORDS—USFR VI-B

1. Were accounting records (i.e., journals, registers, ledgers, and other supplementary records) traceable from source documents to the financial statements?

Yes

2. Were transactions coded in accordance with the USFR Chart of Accounts?

Yes

3. Were accounting record responsibilities separated among employees, (i.e., initiate, approve, and record journal entries and transfers) so that one individual did not have complete authority over a transaction, or if adequate separation was not possible due to the District's limited staff size, were adequate management review procedures in place to compensate for employees performing incompatible functions?

Yes

4. Were journal entries supported by documentation, signed, dated, and approved by someone other than the preparer, and sequentially numbered?

Yes

5. If transfers were made, were they limited to those authorized by A.R.S. or the USFR? USFR §III Chart of Accounts—Authorized Transfers (Note: do not include transfers appropriately made to reduce taxes)

Yes

6. If the District shared a financial data system with the CSS, did the District periodically review the transactions initiated by the CSS for propriety and was the review properly documented and dated? (Accounting responsibility program districts are not required to reconcile to the CSS.)

Yes

7. If the District did not share a financial data system with the CSS, did the District properly reconcile its records of cash balances by fund monthly with the CSS, and was the reconciliation properly supported, documented, and dated?

N/A

The District shared a financial data system with the CSS.

8. Did the District properly reconcile its records of 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 was the reconciliation reviewed and properly supported?

Yes

9. Were the District's records of cash balances reconciled to the County Treasurer's records at least monthly, by either the CSS or the District?

Yes

10. Were all reconciling differences with the CSS or County Treasurer's records documented, researched, and resolved in a timely manner?

Yes

CASH and REVENUES—USFR VI-C and F

1. Did the District maintain and use the following authorized bank accounts only as prescribed by statute:

- a. M&O Fund revolving bank account? A.R.S. §15-1101

Yes

YES/NO

[Empty text box]

b. Miscellaneous receipts clearing bank account(s)? A.R.S. §15-341(A)(20)

Yes

[Empty text box]

c. Food Service Fund clearing bank account(s)? A.G. Opinion I60-35

Yes

[Empty text box]

d. Food Service Fund revolving bank account? A.R.S. §15-1154

NA

The District did not maintain this type of account.

e. Auxiliary Operations Fund bank account? A.R.S. §15-1126

Yes

[Empty text box]

f. Auxiliary Operations Fund revolving bank account(s)? A.R.S. §15-1126

NA

The District did not maintain this type of account.

g. Student Activities Fund bank account(s)? A.R.S. §15-1122

Yes

[Empty text box]

h. Student Activities Fund revolving bank account? A.R.S. §15-1124

NA

The District did not maintain this type of account.

i. Federal payroll tax withholdings bank account? USFR page VI-H-6

Yes

[Empty text box]

j. State income tax withholdings bank account? A.R.S. §15-1222

NA

The District did not maintain this type of account.

k. Employee insurance programs withholdings bank account(s)? A.R.S. §15-1223

Yes

[Empty text box]

l. Payroll direct deposits clearing bank account? A.R.S. §15-1221

NA

The District did not maintain this type of account.

m. Electronic payments clearing bank account? A.R.S. §15-1221

Yes

[Empty text box]

n. Grants and gifts to teachers bank account? A.R.S. §15-1224

NA

The District did not maintain this type of account.

o. Principals' supplies bank account(s)? A.R.S. §15-354

NA

The District did not maintain this type of account.

2. Were debit cards prohibited as a payment method associated with any District bank account?

Yes

[Empty text box]

	YES/NO
3. Did the District refrain from establishing any bank accounts not authorized by statute? If any unauthorized accounts exist, list the account name, purpose and status in the comment below.	Yes
4. Were inactive bank accounts closed?	N/A
The District did not have any inactive bank accounts.	
5. Were bank charges paid only from 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 bank charges were paid from bank accounts other than those listed, were the bank charges reimbursed from an appropriate district fund or bank account?	Yes
6. Were cash-handling and recordkeeping responsibilities separated among employees, (i.e., receiving, depositing, and recording revenues), to safeguard monies or, if adequate separation was not possible due to the District's limited staff size, were adequate management review procedures in place to compensate for employees performing incompatible functions?	Yes
7. Were cash register receipts or sequentially numbered handwritten cash receipt forms issued to support cash received? (Note: The term "cash" includes currency on hand, such as petty cash funds and cash receipts not yet deposited; and negotiable instruments, such as drafts, checks, warrants, credit card transactions, and money orders.)	Yes
8. Were cash receipt summary reports (i.e., Auxiliary Operations, Student Activities, Food Service) prepared to total the amount of cash received and deposited?	Yes
9. Was cash received safeguarded in a locked cash drawer, cash register, or other secure location immediately upon receipt, and was access limited to only those employees who required access?	Yes
10. Was cash received deposited intact daily, when significant, or at least weekly?	No
For 4 of 15 (total) deposits tested, the monies collected was not deposited within a one-week period.	
11. For all monies deposited in a district bank account, were validated deposit slips or other evidence indicating the amount and date of deposit retained and agreed to applicable bank deposit slips or other deposit transmittal supporting documentation?	Yes
12. Were all monies deposited with the County Treasurer by the District accompanied by a sequentially numbered deposit transmittal form or a treasurer's receipt?	Yes
13. For all deposits with the County Treasurer, were validated treasurer's receipts or revenue posting reports reconciled to the District's accounting records and to copies of deposit transmittals or treasurer's receipts?	Yes
14. Were all cash disbursements from bank accounts made with sequentially numbered checks or electronic fund transfers and was supporting documentation retained for each disbursement?	Yes
15. Were all disbursements from clearing bank account(s) made only by electronic payment or check payable to the County Treasurer?	Yes

YES/NO

- | | |
|---|-----|
| | |
| 16. Did the District refrain from pre-signing blank or incomplete checks and writing checks payable to cash or bearer? | Yes |
| | |
| 17. Were unused checks physically safeguarded and access to them limited to authorized personnel who were not check signers? (Not applicable to revolving funds as the revolving fund custodian should maintain the checks) | Yes |
| | |
| 18. Were the signature stamps, signature plates, or electronic signatures used for signing checks and documents physically safeguarded and access limited to only the employee whose signature they represent? | N/A |
| The District did not use signature stamps, signature plates or electronic signatures. | |
| 19. Were all bank accounts reconciled monthly by an employee not involved in handling cash or issuing checks, or were reconciliations reviewed, signed, and dated by an employee independent of the process? | Yes |
| | |

SUPPLIES INVENTORY-USFR VI-D

- | | |
|--|-----|
| 1. Did the District establish and follow effective internal control policies and procedures over supplies inventories to provide accurate financial reporting and to physically safeguard such inventories to prevent unauthorized use, theft, damage and obsolescence? | N/A |
| The District did not maintain a supplies inventory. | |
| 2. If a perpetual inventory was maintained, were supplies inventory records investigated and adjusted to account for significant physical count differences when an actual physical inventory was performed? | N/A |
| The District did not maintain a supplies inventory. | |
| 3. Was a supplies inventory list maintained that included item and unit descriptions, purchase document numbers, quantities, unit costs, extended costs, page totals, and a grand total prepared at the end of each fiscal year for all supplies, including donated items? | N/A |
| The District did not maintain a supplies inventory. | |

PROPERTY CONTROL-USFR VI-E

- | | |
|---|-----|
| 1. Did the District prepare a capital assets list that included all land, land improvements, buildings, building improvements, and equipment with unit costs in excess of the District's adopted capitalization threshold? (Capitalization threshold cannot exceed \$5,000.) | Yes |
| | |
| 2. Does the capital assets list include the following information: | |
| <ul style="list-style-type: none"> • Location (school, department, building, room etc.)? • Identification number for equipment (permanent tag number, serial number, barcode, etc.)? • Description (name, model number, size, color, etc.)? • Method of acquisition (purchase, construction, lease-purchase, trade, or donation)? • Source of funding (fund used to purchase the asset)? • Acquisition date (month and year the asset was received or constructed)? • Purchase document number (purchase order, voucher, or other document number that can be traced to documents that support the information recorded on the list)? • Actual cost, estimated historical cost, or acquisition value at the time of donation? | Yes |
| | |

	YES/NO
3. Were the District's physical controls adequate to help prevent theft, loss, misuse, or damage of district property?	Yes
4. Was documentation to support the information recorded on the capital assets list retained for all items on the list?	Yes
5. Did the District maintain a stewardship list for items costing at least \$1,000 but less than the District's capitalization threshold that includes the location, identification number, description, and acquisition date?	Yes
6. For (5) equipment items selected from the stewardship and capital asset lists, and for (5) equipment items selected from the premises, did the location and identifying number affixed to the asset agree to the information recorded on the corresponding list?	No
For 1 in 10 (total) items tested, the location of the asset did not agree to the listing and for 2 of 10 (total) items tested, the identifying number did not agree to the listing	
7. Did the District update the stewardship and capital assets lists at least annually for acquisitions, transfers, and disposals?	Yes
8. Did the District reconcile capitalized acquisitions to capital expenditures at least annually?	Yes
9. Did the District reconcile the previous year's June 30 capital assets list to the current year's June 30 capital assets list?	Yes
10. Did the District develop physical inventory instructions and was the inventory conducted by an employee independent of capital asset purchasing, custodial, and recording keeping responsibilities?	Yes
11. Was a physical inventory of all equipment taken at least every 3 years and reconciled to the stewardship and capital assets lists? (Note: If the answer is "No," the "Comments" should specifically indicate the year of the District's last physical inventory.)	Yes
12. Did the District follow F7-2-1131(C) when disposing of stewardship and capital asset items except as authorized by A.R.S. §15-342(7), (18), and (35)?	Yes
13. Did the District maintain adequate insurance coverage for all insurable district property, as required by A.R.S. §15-341(A)(6)?	Yes

EXPENDITURES—USFR VI-G

1. Were the responsibilities of expenditure processing separated among employees (i.e. voucher preparation, recordkeeping, and authorization) or, if this was not possible due to the District's limited staff size, were adequate management review procedures in place to compensate for employees performing incompatible functions?	Yes
2. Did the Governing Board obtain voter approval for the construction of buildings and purchase or lease of school sites unless otherwise exempted by A.R.S. §15-342(25)?	N/A

YES/NO

The District had no such transactions.

3. Before authorizing expenditures, did the District verify that sufficient cash was available in cash-controlled funds and budget capacity was available in budget-controlled funds, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916?

Yes

4. Were sequentially numbered purchase orders prepared before goods or services were ordered for all District expenditures (except for exempted items such as salaries and related costs, utilities, and in-state travel, or when a written contract was otherwise prepared), and were they approved by personnel authorized by the Governing Board before issuance to vendors?

Yes

5. If the District used blanket purchase orders, did they cover a definite time period and specify an expenditure limit?

Yes

6. Were district monies that were restricted to specific purposes used only for allowable expenditures?

Yes

7. Except for exempted items such as salaries and related costs, utilities, and in-state travel, were receiving reports prepared for all goods and services received that documented the date of receipt, quantity received, and signature of the recipient?

Yes

8. Did the accounts payable function include matching receiving reports, vendor invoices, and purchase orders before payment and maintaining documentation?

Yes

9. Did the District periodically compare invoices to awarded contracts, including cooperative contracts, to verify billing amounts are correct and the contract terms and conditions were being met?

Yes

10. Were warrants and electronic transfers compared to the applicable voucher and warrant/transfer register before distribution?

Yes

11. Were vouchers and supporting documentation, including invoices, stamped "paid" or otherwise marked to help prevent duplicate payments?

Yes

12. For levy funds, did the District prepare a list of liabilities, with supporting documentation by fund (and program for the M&O Fund) for goods or services, including payroll received but not paid for by June 30 and file an Advice of Encumbrance based on the list with the CSS by July 18? A.R.S. §15-906 (Accounting responsibility program districts should perform the duties described in A.R.S. §15-304.)

Yes

13. Did the District use monies received from a Joint Technology Education District (JTED) only for vocational education and to supplement, rather than supplant, its base year vocational education spending?

Yes

CREDIT CARDS AND P-CARDS—USFR VI-G

1. Did the District develop specific policies and procedures to account for and control district credit cards and purchasing cards (p-cards) in accordance with USFR pages VI-G 15 through 20?

Yes

YES/NO

2. Did the District maintain separation of responsibilities for issuing cards; requesting, authorizing, and executing purchases; and payment processing?	Yes
3. Were cards issued only to those employees with a legitimate district purpose and with appropriate purchase limits based on the types of transactions for which the card was to be used?	Yes
4. Was a complete list of card users maintained to track possession of all cards?	Yes
5. For cards issued in the District's name, was a specific employee, who is not an authorized card user, designated to track the cards and account for all the cards' transactions for cards issued in the District's name, (e.g., fuel cards)?	Yes
6. Was there evidence maintained that employees who make credit card purchases or process transactions were trained on the District's policies and procedures?	Yes
7. Were signed card user agreements required and retained, that outline receipt of the District's card use policies and procedures, including possible disciplinary actions for misuse?	Yes
8. Was all supporting documentation (i.e., receipts, transaction logs) from card users' transactions submitted and reviewed at least monthly?	Yes
9. Were monthly billing statements sent directly to the District as well as the card user, if applicable?	Yes
10. Did the District verify and document the receipt of any prepaid items, such as items purchased online, by phone, or fax, that resulted in card charges before goods or services were received?	Yes
11. Did management perform and document periodic reviews to monitor purchases and vendor usage for compliance with applicable procurement rules and district policies?	Yes
12. For p-cards, did the District use Merchant Category Codes to block unauthorized vendors or purchases and apply the purchasing limits necessary to meet operating requirements?	Yes
13. Were credit card and p-card supporting documentation and billing statements received and reconciled by someone other than the card user before payment was made to the card issuer?	Yes

For question 14, the audit firm must judgmentally select at least 3 monthly credit card/p-card (including fuel card) statements in total (from different cards/accounts, if the District has more than 1 card/account) and scan the statements for unusual or inappropriate purchases, or purchases not made within the District's policies and procedures. Then judgmentally select at least 5 individual transactions in total to review from the statements selected above, in addition to any unusual or inappropriate purchases noted on the statements selected.

14. Based on a scan of the statements and a review of the judgmentally selected transactions, were credit card and p-card purchases only for expenditures for authorized district purposes, within the dollar limits authorized for the employee making the purchase, and supported by appropriate receipts that clearly identify the employee making the purchase? (Note: If the answer is "No," the "Comments" should specifically indicate which of the above requirements were not complied with.)

Yes

15. Were credit card and p-card statements paid timely to avoid finance charges and late fees?

Yes

PROCUREMENT-USFR VI-G AND R7-2-1001 et seq

To determine the District properly procured expenditures, the audit firm must select and test a specified number of procurements performed during the fiscal year based on the District's ADM as shown in the table below. Auditors should consider multiple expenditure transactions, including those made by credit card with vendors, purchases of like items, and multi-year contracts to determine the appropriate level of competitive purchasing required and for which question the expenditure should be tested. However, questions should be answered only for contracts awarded during the fiscal year.

The listed sample sizes represent the minimum level of required test work. The audit firm should use their judgment in determining whether a larger sample is needed.

District ADM	Sample Size
< 1,000	5
1,000-5,000	10
> 5,000	15

In the parentheses provided, indicate the actual number of contracts tested. If all contracts were tested, indicate such in the "Comments". Of the total awarded contracts selected for testing, at least 40 percent must be for competitive sealed bids and at least 40 percent must be for competitive sealed proposals. If these 40 percent thresholds cannot be met due to an inadequate population size, the audit firm must test all contracts made through competitive sealed bids or competitive sealed proposals, as applicable. Of the contracts selected, at least one awarded contract should be for traditional construction (design-bid-build), and at least one for qualified select bidders list (question 13), or construction-manager-at-risk, design-build, job-order-contracting (question 14), and specified professional services (question 29), as applicable. If the district acted as a lead district in a cooperative purchase, at least 2 of these contracts should be included in the sample selected (question 26).

Based upon review of (1) contracts, [(1) competitive sealed bids and (0) competitive sealed proposals], for the procurement of construction, materials, and services that exceeded \$100,000, indicate whether the District followed the School District Procurement Rules.

For solicitations prepared for competitive sealed bidding or competitive sealed proposals, did the District:

1. Publish and provide other adequate notice, as applicable, of the invitation for bid (IFB) or request for proposal (RFP) R7-2-1022 or R7-2-1042(C)

Yes

2. Compile and maintain a list of persons who requested to be added to a list of prospective bidders, if any, and furnish those bidders with notice of available bids? R7-2-1023

N/A

YES/NO

The District had no purchases that met the required threshold.

3. Issue the IFB or FFP at least 14 days before the time and date set for bid opening or the closing date and time for receipt of proposals, as applicable, unless a shorter time was documented as necessary? R7-2-1024(A) or R7-2-1042(B)

Yes

4. Include all required information in the IFB or FFP? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.) R7-2-1024(B) or R7-2-1042(A)

Yes

5. Record the time and date sealed bids or proposals were received and store bids or proposals unopened until the time and date set for opening? R7-2-1029 or R7-2-1045

Yes

If a multiple award was made for an IFB or FFP did the District (Questions 6-9):

6. Establish and follow procedures for the use of multiple award contracts? R7-2-1031(D) and R7-2-1050(C)

NA

The District did not have multiple awards for an IFB or FFP.

7. Include in the solicitation(s) notification that multiple contracts may be awarded, the District's basis for determining whether to award multiple contracts, and the criteria for selecting vendors for the multiple contracts? R7-2-1031(C) and R7-2-1050(B)

NA

The District did not have multiple awards for an IFB or FFP.

8. Determine, with the specific reason(s) in writing, that a single award was not advantageous to the District and retain documentation that supported the basis for a multiple award? R7-2-1031(D) and R7-2-1050(C)

NA

The District did not have multiple awards for an IFB or FFP.

9. Limit contract awards to the least number of suppliers necessary to meet the District's requirements? R7-2-1031(D) and R7-2-1050(C)

NA

The District did not have multiple awards for an IFB or FFP.

10. For contracts where only one responsive bid or proposal was received, determine that the price submitted was fair and reasonable and that either other prospective offerors had reasonable opportunity to respond or there was not adequate time for resolicitation, and retain documentation that supported the basis for the determination? R7-2-1032 or R7-2-1046(A)(1)

NA

The District did not have multiple awards for an IFB or FFP.

11. For purchases made through competitive sealed bidding, did the District award contracts to the lowest responsible and responsive bidder whose bid conformed, in all material respects, to the requirements and evaluation criteria set forth in the IFB? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.) R7-2-1031

Yes

12. For purchases made through competitive sealed proposals, did the District award the contract to the offeror whose proposal was determined, with specific reason(s) in writing, to be most advantageous to the District based on the factors set forth in the FFP and retain documentation that supported the basis for the determination? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.) R7-2-1050

Yes

13. If the District used a qualified select bidders list to procure construction services, did the District comply with the requirements of R7-2-1101?

NA

YES/NO

The District had no such purchases.

14. If the District used construction-manager-at-risk, design-build, or job-order-contracting to procure construction services, did the District comply with the requirements of F7-2-1102 through F7-2-1115? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.)

N/A

The District had no such purchases.

15. If the District procured goods and services using reverse auctions or electronic bidding, did the District comply with the requirements of F7-2-1018, F7-2-1021 or F7-2-1041? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.)

N/A

The District had no such purchases.

16. For purchases made through the Simplified School Construction Procurement Program, did the District follow the requirements of F7-2-1033? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.)

N/A

The District had no such purchases.

17. If the District used a consultant(s) or advisory group(s) to assist with the specifications or procurement in specific areas, did the District comply with the requirements of F7-2-1008?

Yes

18. Did the District have signed conflict of interest disclosures filed, as required, for all employee or non-employee procurement evaluation committee members? F7-2-1008 and F7-2-1015

N/A

The District had no such purchases.

19. Based upon review of (6) purchases costing at least \$10,000 but less than \$50,000, did the District obtain and document oral price quotations from at least 3 vendors and follow the guidelines for oral price quotations prescribed by the USFR?

Yes

20. Based upon review of (1) purchases costing at least \$50,000 but less than \$100,000, did the District obtain written price quotations from at least 3 vendors and follow the guidelines for written price quotations prescribed by the USFR?

Yes

If the District used multi-term contracts for any of the contracts tested above:

21. Were the terms and conditions of renewal or extension, if any, included in the solicitation for bids, proposals, or quotations, and were monies available for the first fiscal year at the time of contracting? A.R.S. §15-213(K) and F7-2-1093

N/A

The District did not use multi-term contracts for any of the contracts tested.

22. For materials or services and contracts for job-order-contracting construction services that were entered into for more than 5 years, did the Governing Board determine in writing that a contract of longer duration would be advantageous to the District before the procurement solicitation was issued? A.R.S. §15-213(K) and F7-2-1093

N/A

The District did not use multi-term contracts for any of the contracts tested.

23. Did the District maintain a current cooperative purchasing agreement for each cooperative or lead district the District made purchases through? F7-2-1191 through F7-2-1195.

Yes

24. Did the District perform adequate due diligence for each cooperative or lead district the District made purchases during the audit period to help ensure that those purchases complied with the School District Procurement Rules? [Note: Indicate in the comment below each cooperative or lead district the District purchased through and whether due diligence was adequate based on the guidelines provided on USFR page VI-G-13 and F7-2-1191(D).]

Yes

YES/NO

25. Did the District refrain from purchasing goods or services using another district's or cooperative's contract, in which it was not included in the original solicitation, where the additional purchase by the District would have materially increased the estimated volume stated in the original solicitation? F7-2-1011

Yes

Complete question 26 if the District acted as the lead district (e.g., obtained bids/proposals) in a cooperative purchase.

26. Based upon review of at least 2 contracts for which the District was the lead district in a procurement, did the District follow the procurement procedures required for competitive sealed bidding or competitive sealed proposals, as applicable, and take into consideration the total estimated volume of purchases for all public procurement units identified in the solicitation? F7-2-1011

NA

The District was not a lead district in a procurement.

Based upon review of all emergency and sole source procurements for questions 27 and 28:

27. Was the basis for each emergency procurement reasonable and did the District retain a written statement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and was such statement signed by the individual authorized to initiate emergency procurements? F7-2-1055 and F7-2-1056

NA

The District did not have any emergency procurements.

28. Was the basis for the sole source procurement reasonable and did the District retain the Governing Board's written determination that there was only one source for required materials, service, or construction items purchased? F7-2-1053

Yes

29. If the District used contracts for specified professional services, did the District follow the School District Procurement Rules? F7-2-1117 through F7-2-1123

NA

The District had no such purchases.

Based upon review of all purchases from employees and Governing Board members for questions 30-32:

30. Did the District follow the School District Procurement Rules, regardless of the expenditure amount, for any purchase of services from Governing Board members or goods or services from district employees?

NA

The District had no such purchases.

31. For purchases of supplies, materials, and equipment from Governing Board members, did the District follow the School District Procurement Rules if the purchase exceeded \$100,000 or if the purchase was below the threshold, were the guidelines for written and oral price quotations followed? A. R. S. §38-503(C)

NA

The District had no such purchases.

32. If a Governing Board member, officer, or employee had a substantial interest in any contract, sale, purchase, or service, did the individual submit a conflict of interest statement and refrain from voting upon or otherwise participating in any manner as an officer or employee in such contract, sale, or purchase? A.R.S. §38-503

Yes

33. Were purchases under current General Services Administration (GSA) contracts authorized by the Governing Board and limited to items included in contracts on GSA schedule 70-IT and schedule 84-Law Enforcement? F7-2-1196(C)

NA

The District had no such purchases.

34. Did the Governing Board determine in writing that all of the required criteria applied before authorizing purchases under a GSA contract? A.R.S. §15-213(J) and F7-2-1196

NA

The District had no such purchases.

CLASSROOM SITE FUND—A.R.S. §15-977

1. Did the District properly allocate total Classroom Site Fund (CSF) revenues among the following funds: 011—Base Salary (20%), 012—Performance Pay (40%), and 013—Other (40%), as required by A.R.S. §15-977?

Yes
2. For Fund 011, were expenditures only for teacher base salary increases, employment-related expenses, and registered warrant expense?

Yes
3. For Fund 012, did the Governing Board adopt a performance-based compensation system as required by A.R.S. §15-977(C), including an individual teacher performance component?

Yes
4. For Fund 012, were expenditures made only in accordance with its adopted performance-based teacher compensation system, including employment-related expenses and registered warrant expense?

Yes
5. For Fund 013, were expenditures only for class size reduction, teacher compensation increases, assessment intervention programs, teacher development, dropout prevention programs, teacher liability insurance premiums, and registered warrant expense?

Yes
6. For Fund 013, were monies spent for class size reduction, assessment intervention, and dropout prevention programs used only for instructional purposes as defined under the instruction function in the USFR Chart of Accounts and not used for school sponsored athletics?

Yes
7. Were teacher base salary increases (Fund 011), performance-based teacher compensation increases (Fund 012), and monies spent from Fund 013 for teacher compensation increases paid only to employees possessing a teaching certificate and employed to provide instruction related to the District's educational mission?

Yes
8. Did the District record CSF revenues and expenditures in the separate CSFs (011-013) throughout the fiscal year, as monies were received and expended, rather than at year end?

Yes
9. Did the District use CSF monies to supplement, rather than supplant, existing funding from all other sources? (See USFR Memorandum No. 194)

Yes
10. If the District coded expenditures to any of the individual CSFs (011-013) that caused the District to exceed the CSF budget limit or the appropriate percentage allocation for the individual funds, did the District reclassify the expenditures to the M&O or other appropriate fund?

N/A
11. If the District had a budget balance remaining at year-end in any of the three CSFs (011-013), were balances carried forward in the same funds to ensure that the restrictions placed on the original allocation of revenues is applied in future years?

Yes

YES/NO

PAYROLL-USFR VI-H

1. Were payroll processing responsibilities (i.e., payroll preparation, payroll authorization, and warrant distribution) adequately separated among employees or, if this was not possible due to the District's limited staff size, were adequate management review procedures in place to compensate for employees performing incompatible functions?

Yes
 2. Were written personnel and payroll policies and procedures, including salary and wage schedules, established by the Governing Board and available to employees?

Yes
 3. Did the District establish a delayed payroll system for hourly employees that allowed adequate time for payroll adjustments to be made if needed between the end of the pay period and the payment date?

Yes
 4. Did the District maintain records to support the number of eligible teachers, eligible teachers' salaries, and employer share of retirement expense to appropriately calculate and distribute the 1.06% teacher salary increase? (Laws 2017, Chapter 305, §33)

Yes
- If the District provided prorated compensation payments to employees (Questions 5-7):
5. Were elections for prorated compensation made annually before any work was performed and not changed after work began?

Yes
 6. Were any adjustments to the annual compensation of employees who were receiving prorated wage payments based on the employee's official rate of pay?

Yes
 7. Did the District ensure that at no point during the year was an hourly employee paid for more than actual hours worked to date?

Yes
 8. Did individual personnel files include appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4?

Yes
 9. Did the District ensure that all employees who met membership criteria were enrolled in the Arizona State Retirement System (ASRS), and did the District withhold employee contributions and remit employee and district contributions in accordance with the *ASRS Employer Manual*?

Yes
 10. Did the District accurately calculate and remit alternative contribution rate payments to ASRS for all applicable positions filled by ASRS retirees? (<https://www.azasrs.gov/content/alternate-contribution-rate>)

Yes
 11. Did the District maintain a system to account for the accrual and use of vacation, sick leave, and compensatory time for all employees?

Yes
 12. Did the District's policies governing leave time include prescribed accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon separation of employment?

Yes

YES/NO

13. Were attendance records, such as time sheets or timecards, prepared for each pay period for each employee subject to the *Fair Labor Standards Act* and approved by the employee and the employee's supervisor?

Yes

14. Were payroll registers supported by properly authorized notifications of employment, terminations, pay rate changes, withholding and voluntary deduction authorization forms, and work attendance/leave records?

Yes

15. Were completed payroll registers or prepayroll registers, including any manual adjustments, reviewed and approved?

Yes

16. Did employees participating in the various stages of processing payroll, preparing and approving vouchers, and distributing warrants document the steps (preparation, review, or approval) they performed?

Yes

17. Were payroll warrants, warrant registers, direct deposit amounts, and payroll registers compared to the prepayroll register and voucher prior to distribution to employees?

Yes

TRAVEL-USFR VI-I

1. Did the Governing Board prescribe policies and procedures for reimbursing travel expenditures [lodging, meals, and incidentals] incurred for District purposes that were within the maximum reimbursement amounts established by the Director of ADOA, and were employees properly reimbursed?

Yes

2. Did the District reimburse mileage at the standard rate established by ADOA?

Yes

3. Were all meal reimbursements for travel with no overnight stay or no substantial sleep/rest reported as a taxable employee benefit?

N/A

The District did not have any meal reimbursements for travel with no overnight stay or no substantial sleep/rest.

FINANCIAL REPORTING-USFR VII

Questions 1 through 7 should be answered based on review of the annual financial report (AFR) for the audit year.

1. Was the AFR, and the AFR summary (if one was prepared), filed electronically with the CSS and the Superintendent of Public Instruction by October 15? A.R.S. §15-904(A)

Yes

2. If the District maintained a website, did the District provide a link on its website to ADEs website where the District's AFR could be viewed? A.R.S. §15-904(A)

Yes

3. If the District did not maintain a website, was the AFR or the AFR summary published in a newspaper of general circulation within the District or in the County's official newspaper, or mailed to each household in the District on or before November 15? A.R.S. §15-904(C)

N/A

The District maintains a website.

4. Did budgeted expenditures as reported on the AFR agree with the District's most recently revised, adopted expenditure budget?

Yes

YES/NO

- | | | |
|----|---|-----|
| | | |
| 5. | Did actual revenues and expenditures as reported on the AFR agree with the District's accounting records? | Yes |
| | | |
| 6. | Was all required information included in the AFR? | Yes |
| | | |
| 7. | Was adequate documentation retained to support amounts reported on the AFR and in the financial statements? | Yes |
| | | |

INFORMATION TECHNOLOGY (IT)–USFR IX

- | | | |
|---|--|-----|
| | | |
| 1. | Was adequate separation of duties defined and documented related to program files and productions data for administration, authorization, programming, and operational responsibilities of the District's separate business systems, (i.e. IT, financial, student attendance, student payment systems, network, website) or, if this was not possible due to the District's limited staff size, were adequate management review procedures in place? | Yes |
| | | |
| Did the District follow documented IT policies and procedures that: (Questions 2-5) | | |
| 2. | Addressed configuration/change management processes, (i.e., programming, operating, and modifying the system), and was such documentation available to the appropriate personnel? | Yes |
| | | |
| 3. | Addressed security risks of unauthorized access to the District's systems, network, and data, including through email, Internet use, VPN, wireless access, and mobile devices? | Yes |
| | | |
| 4. | Included employee security awareness training for prevention and detection of technology-related threats, (i.e., phone and email phishing, website attacks, and data breaches), and guidelines for responding to those incidents? | Yes |
| | | |
| 5. | Ensured terminated or transferred employees' and vendor access had been immediately revoked or modified? | Yes |
| | | |
| 6. | Were IT system software and hardware physically protected from improper access, theft, and environmental hazards, and did scheduled backup control procedures ensure uninterrupted operations and minimal loss of data? | Yes |
| | | |
| 7. | Were software applications (i.e., anti-virus, anti-spyware, anti-malware, systems patches), and general controls up to date and adequate to protect the integrity and reliability of the District's data (i.e., web-based applications, accounting, student attendance, and payroll systems)? | Yes |
| | | |
| 8. | To prevent unauthorized access to critical systems or data, did the District limit employee access to only those business functions or software necessary to perform their job function? | Yes |
| | | |

YES/NO

9. Were data changes in business (i.e. employee information, pay rates) and IT (i.e., user roles, access rights) systems properly authorized and approved prior to processing, and was the data periodically reviewed by a designated employee to ensure the validity, completeness and accuracy of processed data and, if applicable, was corrective action taken?

Yes

10. Did the District follow password security policies that required strong passwords, screen locks, repeated failed sign-on attempt notifications, passwords to be periodically changed, and prohibited sharing of user IDs and passwords?

Yes

11. Did the District's system provide an audit trail review and analysis function, or a report that enabled tracing of electronic transactions or records? (Note: If the system does not provide an electronic audit trail function, did the District have a documented manual process to audit transactions?)

Yes

12. Did the IT system generate incident or error reports to identify security threats or other unusual activity, and were these reports routinely reviewed and the necessary corrective actions approved and completed?

Yes

13. Did the District have a formal disaster recovery or contingency plan, and was it tested, at least annually, to identify internal and external vulnerabilities and remedy any deficiencies? IFS Publication 1075 §9.3.6.1

Yes

COOPERATIVE AGREEMENTS AND REGIONAL SERVICES-USFR X-C

1. Did the District have a fully executed copy of each intergovernmental agreement (IGA) on file and are payments for services made or received, as applicable? A.R.S. §11-952

Yes

2. If the District was the fiscal agent, were the IGA monies maintained in the appropriate fund at the County Treasurer, and was a monthly financial report of receipts and disbursements provided to participants?

N/A

The District was not a fiscal agent.

STUDENT ATTENDANCE REPORTING-ADEs SCHOOL FINANCE EXTERNAL GUIDELINES

If test work performed in this section discloses a net overstatement or understatement of membership and/or absence days, based on A.R.S. and ADEs membership and attendance guidelines, report the net overstatement or understatement in the "Comments" below each applicable question.

1. Was school in session for at least 180 days or did the Governing Board adopt a calendar with an equivalent number of minutes of instruction per school year based on a different number of days of instruction? A.R.S. §15-341.01

Yes

A.R.S. §§15-808(J)(1), 15-901(A)(1) and 15-901.07 prescribe the number of required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs.

Instructional hours for common school students do not include periods of the day in which an instructional program or course of study is not being offered, including, but not limited to lunch, recesses, home room periods, study hall periods, and early release or late start hours. Instructional hours for high school students includes regularly scheduled class periods intended for instructional purposes which may include core subjects, elective subjects, lunch, study halls, music instruction, and other classes that advance the academic instruction of pupils, except that instructional purposes shall not include athletic practices or extracurricular clubs and activities. ADEs External Guidelines GE 18

2. Were preschool children with disabilities enrolled in a program that met at least 360 minutes a week that meets at least 216 hours over the minimum number of days?

Yes

YES/NO

- | | |
|---|-----|
| | |
| 3. Was kindergarten in session for at least 356 hours or 346 hours for Arizona Online Instruction (AOI) Programs? | Yes |
| | |
| 4. Were grades 1 through 3 in session for at least 712 hours? | Yes |
| | |
| 5. Were grades 4 through 6 in session for at least 890 hours? | Yes |
| | |
| 6. Were grades 7 and 8 in session for at least 1,000 hours or 1,068 hours for AOI Programs? | Yes |
| | |
| 7. Were grades 9 through 12, other than AOI Programs, in session at least 720 hours? | Yes |
| | |
| 8. Did grades 9 through 12, other than AOI Programs or those students enrolled in concurrent coursework, include at least four subjects, each of which if taught each school day for the minimum number of days required in a school year would meet a minimum of 123 hours a year? | Yes |
| | |
| 9. Did grades 9 through 12 of AOI Programs include at least four courses throughout the year that meet at least 900 hours during the school year? | N/A |
| The District did not have an AOI program. | |
| 10. Did students in grades 9 through 12 enrolled in concurrent coursework attend at least four subjects? At least one subject must be taught at the District and, if taught each school day for the minimum number of days required in a school year, would meet a minimum of 123 hours a year. Students must earn 3 semester hours of credit or more for subjects taught at the community college or university. | Yes |
| | |

For Student Attendance Reporting questions, the audit firm must select and test the specified number of transactions (records, entries, withdrawals, or days) as shown in the sample size instructions before each section. Those samples should include 3 or more grade levels and 3 or more schools, where applicable. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed. All student attendance records tested should be selected from the 100th day reporting period.

Write the actual number of transactions tested in the parentheses provided. If all transactions were tested, indicate such in the "Comments".

For questions 11-13, select at least 3 student attendance records.

- | | |
|---|-----|
| 11. If the District had an early (pre-) kindergarten program, based upon review of (3) early (pre-) kindergarten students' attendance records, did the District only calculate and submit membership/absence information for this program for students with disabilities? A.R.S. §15-901(A)(1)(a)(i) and USFR Memorandum No. 175 | Yes |
| | |
| 12. Based upon review of (3) students' attendance records in kindergarten programs, if the instructional time for the year was between 356 and 692 hours, were students not in attendance for at least three-quarters of the day counted as being absent or, if the instructional time for the year was 692 hours or more, were students not in attendance at least one-half of the day counted as being absent? A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i) | Yes |

YES/NO

13. If the District had an early first grade program, based upon review of () early first grade students' attendance records, did the District calculate and submit membership/absence information for this program as it would for kindergarten? A.R.S. §§15-901(A)(1)(a)(i), 15-901(A)(5)(a)(i), and USFR Memorandum No. 175

N/A

The District did not have an early first grade program.

For questions 14 and 15, use the following sample sizes:

District ADM	Student Attendance Records
< 1,000	5
1,000-5,000	10
> 5,000	15

14. Based upon review of (10) students' attendance records at elementary and junior high schools in which attendance was based on half days, were students in attendance for less than one-half the day counted as being absent for one full day; were students in attendance for at least one-half day, but less than three-quarters of a day, counted as being absent for one-half day; and were students in attendance for at least three-quarters of a day counted in attendance for a day? A.R.S. §15-901(A)(5)(b)(ii)

No

For 2 of 10 students tested, the calculation had a difference to the 72-1, resulting in an overstatement of 1.00

15. Based upon review of () students' attendance records at elementary and junior high schools where attendance was based on quarter days, were students in attendance for more than three-quarters of the day counted in attendance for a day and students in attendance for three-quarters of the day or less counted in attendance for each quarter of the day in attendance? A.R.S. §15-901(A)(5)(b)(i)

N/A

The District did not record attendance on quarter days.

For questions 16-30, use the following sample sizes:

District ADM	Student Attendance Records
< 1,000	3
1,000-5,000	5
> 5,000	7

16. Based upon review of (5) high school students' attendance records whose attendance was reported in terms of absences, for all absence days reported in a 1 month period, did the District report absences in accordance with the method(s) provided by ADE?

Yes

17. For schools approved to report minutes of attendance, based upon review of the attendance records for a 1 month period for (0) students whose attendance was reported in minutes, did the District report minutes of attendance only for actual classroom instruction attended by the students?

N/A

The District did not report attendance in minutes.

18. Based upon review of (5) high school students' attendance records, did the District prorate the membership of the students enrolled in less than four subjects?

Yes

For students enrolled in a program provided by a JTED in a facility owned or operated by a school district:

19. For school districts --Based on a review of () students' attendance records, did the District report the actual enrollment and attendance data for only the District classes the student was enrolled in at that school (excluding JTED program classes) under the District's CTDS number?

N/A

YES/NO

The District does not have a JTED program

20. For school districts --Based on the review of () students' attendance records for all absence days reported in a 1 month period, did the District calculate absences in accordance with the method(s) provided by ADE and based on the number of District classes the student was enrolled in and attended (excluding JTED program classes)?

NA

The District does not have a JTED program

21. For JTEDs --Based on a review of () students' attendance records, did the JTED report actual enrollment and attendance data for only the JTED program classes the student was enrolled in at that satellite location (excluding school district classes)? [Note: Total membership claimed for the school district and the JTED satellite locations for each student should not exceed 1.25. A.R.S. §15-393(O)]

NA

The District does not have a JTED program

For students enrolled in both a school district and JTED course(s) offered to eligible students in each member district of the JTED:

22. For JTEDs --Based on a review of () students' attendance records for students enrolled in a JTED course provided at a qualifying centralized or leased centralized campus as described in A.R.S. §15-393 that meets for at least 150 minutes (not including any breaks) per class period, was the membership reported by the JTED as 0.75? A.R.S. §15-393(Q)

NA

The District does not have a JTED program

23. For school districts and JTEDs --Based on a review of () students' attendance records for students enrolled in both the school district and in JTED courses [including JTED courses provided at a community college pursuant to A.R.S. §15-393(K)], was the sum of the ADM no more than 1.75 and was the amount claimed by either entity no more than 1.0? A.R.S. §15-393(Q)

NA

The District does not have a JTED program

For school districts offering an ACI Program, based upon review of () ACI students' attendance records for 4 weeks: (ADE's SF-0003-ACI Participation)

24. Was the guardian-approved or District computer-generated daily log describing the amount of time spent by the student on academic tasks maintained by the participating ACI school? A.R.S. §15-808(E)

NA

The District does not have an ACI program

25. Did the hours reported to ADE agree to the guardian-approved or District computer-generated daily log?

NA

The District does not have an ACI program

26. Were all students who participated in an ACI Program residents of this state? A.R.S. §15-808(B)

NA

The District does not have an ACI program

27. Was the students' Intended Full Time Equivalency Enrollment Statement maintained?

NA

The District does not have an ACI program

28. Based upon review of the student attendance records in questions 24 through 27, did the District follow its procedures, to re-determine the actual FTE for each student enrolled in an ACI Program, following a student's withdrawal or after the end of the school year?

NA

The District does not have an ACI program

29. Based upon review of (5) students' attendance records (all grades) for students withdrawn for having ten consecutive unexcused absences, was the student only counted in membership through the last day of actual attendance or excused absence? A.R.S. §15-901(A)(1)

Yes

YES/NO

30. Based upon review of (10) students' attendance records, does the student's name entered in the student management system match the name on the legal document on file? A.R.S. §15-828(D).

Yes

[Empty response box]

For questions 31 through 41, use the following sample sizes:

District ADM	Entries/Withdrawals
< 1,000	5
1,000-5,000	10
> 5,000	15

Based upon review of (10) entries (Note: Enrollment forms are not required for continuing students at the same school.): Questions 31-35

31. Were entry dates entered into the District's computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry?

Yes

[Empty response box]

32. Did the entry date in the computerized attendance system agree to the entry form?

Yes

[Empty response box]

33. Did the teachers' attendance registers, if used, and other documentation support the entry date in the computerized attendance system?

N/A

The District did not use teacher attendance registers.

34. Did membership begin 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?

Yes

[Empty response box]

35. Did the District obtain and maintain verifiable documentation of Arizona residency upon enrollment? A.R.S. §15-802(B)(1) and ADEs Arizona Residency Documentation Guidelines

Yes

[Empty response box]

36. If the District admitted students who were nonresidents of Arizona, was the student excluded from the District's student count and state aid calculations, as applicable? A.R.S. §15-823(L)

N/A

The District did not have any nonresident students.

37. If the District admitted students who were nonresidents of Arizona, was tuition charged, as applicable? A.R.S. §15-823

N/A

The District did not have any nonresident students.

Based upon review of (10) withdrawals: (Questions 38-41)

38. Were the withdrawal dates entered into the District's computerized attendance system within 5 working days after the actual day of withdrawal and was documentation maintained to support the date of data entry? (Note: "Day of withdrawal" for determining timely data entry means: a. the later of the student's withdrawal date or the day the District was notified the student will not be returning; or b. the 10th day of unexcused absence for students withdrawn for having ten consecutive unexcused absences.)

No

For 3 of 10 students tested, the withdrawal date entered into the computerized attendance system was not within 5 working days of the actual date of withdrawal.

YES/NO

39. Did the withdrawal date in the attendance system agree to the withdrawal form? (Note: If the computerized attendance system requires the District to input the day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, the withdrawal date on the system should be the school day following the withdrawal date on the form.)

Yes

40. Did the teachers' attendance registers, if used, and other supporting documentation agree to the withdrawal date in the computerized attendance system?

N/A

The District did not use teacher attendance registers.

41. Was an *Official Notice of Pupil Withdrawal* form prepared and retained for each District withdrawal and signed by a District administrator? A.R.S. §15-827

Yes

For question 42 use the following sample sizes:

District ADM	Days
< 1,000	3
1,000-5,000	5
> 5,000	7

42. Based upon review of () days for various schools, grades, and classes in the computerized attendance system, did the student absences from each day agree to the teachers' attendance registers, absence slips, or other supporting documentation, if used?

N/A

The District did not use teacher attendance registers.

43. Did the District have adequate electronic or manual controls in place to ensure that any changes to the original record of student attendance data were properly authorized and documented, including the names or identification numbers of the persons making and authorizing the changes?

Yes

44. Was the District's membership/absence information submitted to ADE electronically at least once every 20 school days for membership and 60 days for absence information through the last day of instruction (with the first 20 and 60 day periods beginning on the first day of school or the opening of SAIS or AzEDs, for current fiscal year data submission, whichever is later)? A.R.S. §§15-901(A)(1) and 15-1042(G) If membership/absence information was not submitted every 20 days, please include the reason in the comments.

Yes

45. Based upon review of the District's 100th day information uploaded to ADE (AzEDS ADM15 report), did the membership and absences agree to the District's computerized attendance system records? (Note: For an ACI Program, review year-end attendance information.)

Yes

TRANSPORTATION SUPPORT—ADE's SF-0002 TRANSPORTATION GUIDELINES

1. Did the District accurately calculate and maintain documentation for miles reported on the Transportation Route Report submitted to ADE? A.R.S. §15-922

Yes

2. Did the students reported as eligible students on the Transportation Route Report meet the definition in A.R.S. §15-901(A)(8)? (If test work discloses a net under/overstatement of eligible students, report the net amount of the under/overstatement in the "Comments".)

Yes

YES/NO

RECORDS MANAGEMENT—USFR X-E

1. Did the District dispose of records in accordance with the *General Retention Schedules for Education K-12* published by the Arizona State Library, Archives and Public Records? (<http://apps.azlibrary.gov/records/general.aspx>)

Yes

2. Did the District follow policies and procedures to protect the security, maintenance and disposition of personally identifiable information and confidential records, such as student and employee information and social security numbers?

Yes

FOOD SERVICE FUND—USFR X-F

1. Were meal cards or tickets sequentially numbered, and adequately safeguarded prior to issuance?

Yes

2. Were daily reports prepared that reconciled meal sales to cash collections, and were cash overages and shortages resolved?

Yes

3. Did the actual expenditures as reported in the M&O Fund 001 and Capital Fund 610 columns on the Food Service page of the AFR agree with the District's accounting records for the audit year?

Yes

4. Were expenditures reported in the M&O Fund 001 and Capital Fund 610 columns on the Food Service page of the AFR classified in accordance with the USFR Chart of Accounts for the audit year?

Yes

AUXILIARY OPERATIONS AND EXTRACURRICULAR ACTIVITIES FEES TAX CREDIT FUNDS—USFR X-G

1. Did the Auxiliary Operations Fund bank or treasurer account include all monies raised in connection with the activities of school bookstores and athletics?

Yes

2. Were extracurricular activities fees tax credit monies included in the Auxiliary Operations Fund or a separate Extracurricular Activities Fees Tax Credit Fund?

Yes

3. Did the District use an auxiliary operations ticket log to control the issuance of tickets for athletic events?

N/A

4. Were receipt forms and tickets sequentially numbered?

Yes

5. Did the District prepare daily sales summaries of bookstore operations and athletic ticket sales that reconcile recorded sales and actual cash collected and daily cash receipt summaries of extracurricular activities fees tax credit monies that reconcile between cash receipts and actual cash collected?

Yes

6. If the District maintained an Auxiliary Operations Fund bank account, were checks signed by two employees designated by the Governing Board?

Yes

YES/NO

- []
7. Were Auxiliary Operations Fund revolving bank accounts and petty cash funds established from the Auxiliary Operations Fund in amounts approved by the Governing Board, and operated on an imprest basis?
- []
8. Did the District expend extracurricular activities fees tax credit monies only for activities that qualify as eligible activities under A.R.S. §§43-1089.01 and 15-342(24) (See the Arizona Department of Revenue's website for guidance at: www.azdor.gov/ReportsResearch/SchoolTaxCredit.aspx)
- []

STUDENT ACTIVITIES FUND-USFR X-H

1. Did the Governing Board appoint a student activities treasurer and, if applicable, assistant student activities treasurers?
- []
2. Did the Student Activities Fund include only monies of student clubs, organizations, school plays, or other student entertainment that were raised through the efforts of students with the approval of the Governing Board? (Note: Paffles, bingo, and other forms of gambling are not legal events for student clubs.)
- []
3. Were all Student Activities Fund monies deposited in a bank or treasurer account designated as the Student Activities Fund account?
- []
4. Were reports prepared that reconciled sales to cash collected at student activities' events? (When applicable, sales should be documented using tickets, sequentially numbered cash receipts, a cash register, or count of items on hand before and after a sale.)
- []
5. Did the District verify cash was available in the student club accounts before disbursements were made?
- []
6. Were disbursements from the Student Activities Fund and transfers of monies among student clubs properly authorized by or on behalf of the student members of a particular club and documented in the club minutes?
- []
7. If the District maintained a Student Activities Fund bank account, were checks signed by the student activities treasurer or assistant treasurer and one other person authorized by the Governing Board? A.R.S. §15-1122
- []
8. Was a Report of Cash Receipts, Disbursements, Transfers, and Cash Balances of the Student Activities Fund submitted to the Governing Board monthly?
- []

GENERAL LONG-TERM DEBT

- If the District issued bonds during the year: (Questions 1 & 2)
1. If the bonds were approved by the voters on or after December 31, 1998, was class B bonded indebtedness less than the greater of \$1,500 per student count or 10 percent (20 percent for a unified district) of the net assessed value of the full cash value of the property within the District as provided by the Arizona Constitution, Article IX, Section 8, at the time the bonds were issued? A.R.S. §§15-1021(B) and (D)
- []

YES/NO

The District did not issue bonds during the year.

2. Was total bonded indebtedness 15 percent (30 percent for a unified district) or less of the net assessed value of the full cash value of the property within the District as provided by the Arizona Constitution, Article IX, Sections 8 and 8.1, at the time the bonds were issued? A.R.S. §15-1021 (B) and (D)

N/A

The District did not issue bonds during the year.

3. Did the District refrain from expending bond proceeds for items having useful lives less than the average life of the bonds issued or 5 years? A.R.S. §15-1021(F)

Yes

4. 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, did the Governing Board transfer the balance to the Debt Service Fund? A.R.S. §15-1024(B)

N/A

The District's acquisition and construction of facilities for which the bonds were issued has not been completed.

5. 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, did the Governing Board transfer the balance to the General Fund? A.R.S. §15-1024(B)

N/A

The District had outstanding bonded indebtedness

6. Were all monies earned as interest or otherwise derived from the investment of the proceeds of the sale of bonds credited to the Debt Service Fund or to the Bond Building Fund if authorized by the voters or federal laws or rules require the interest to be used for capital expenditures? A.R.S. §15-1024(C)

Yes

GOVERNING BOARD/MANAGEMENT PROCEDURES

1. Were written minutes prepared or a recording made of Governing Board meetings? A.R.S. §38-431.01(B)

Yes

2. Did the District communicate what constitutes a conflict of interest to employees and governing board members, and maintain a file for those who have made such conflicts known to the District? A.R.S. §38-509

Yes

3. If any purchases were made from vendors with whom a conflict existed, did the individual with the conflict refrain from voting upon or otherwise participating in any manner in such purchase? A.R.S. §38-503(B)

Yes

4. Did the District's management notify the Auditor General's Office and appropriately resolve all allegations of theft, fraud, or misuse of district monies and assets in a timely manner? (Note: If the answer is other than "N/A", the "Comments" should include a summary of the allegation and action taken by district management.)

N/A

The District did not have any allegations of theft, fraud, or misuse of District monies and assets.

This questionnaire was completed in accordance with the requirements of the Auditor General's Office as set forth in the instructions on pages 1 and 2.

Audit Firm

Date

Henry & Home LLP

01/24/2019

Preparer (AUDIT FIRM Representative)

Marilyn Mays

Title

Partner/CPA