

CTD Number 070375

Uniform System of Financial Records

Compliance Questionnaire

For Fiscal Year Ended June 30, 2016¹

Table of Contents

INSTRUCTIONS.....	2
BUDGETING.....	4
ACCOUNTING RECORDS.....	5
CASH AND REVENUES.....	6
SUPPLIES.....	8
INVENTORY.....	8
PROPERTY CONTROL.....	8
EXPENDITURES, CREDIT CARDS AND PROCUREMENT.....	9
CLASSROOM SITE FUND.....	15
PAYROLL.....	16
TRAVEL.....	18
FINANCIAL REPORTING.....	18
INFORMATION TECHNOLOGY (IT).....	18
COOPERATIVE AGREEMENTS AND REGIONAL SERVICES.....	20
STUDENT ATTENDANCE REPORTING.....	20
TRANSPORTATION SUPPORT.....	25
RECORDS MANAGEMENT.....	25
FOOD SERVICE FUND.....	25
AUXILIARY OPERATIONS AND EXTRACURRICULAR ACTIVITIES FEES TAX CREDIT FUNDS.....	26
STUDENT ACTIVITIES FUND.....	26
GENERAL LONG-TERM DEBT.....	27
GOVERNING BOARD/MANAGEMENT PROCEDURES.....	28

INSTRUCTIONS

Arizona Revised Statutes (A.R.S.) §15-271 requires the Office of the Auditor General 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 Office of the Auditor General 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 the Office of the Auditor General 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 pushing 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 Office of the Auditor General. 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.
- ◆ 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.
- ◆ 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.
- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ 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 "N/A."
 - 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 Office of the Auditor General, but this question would be answered "N/A."
- ◆ 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 Office of the Auditor General 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 the Office of the 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.
- ◆ All "N/A" 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 ADE's 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 Office of the Auditor General and ADE's 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)

No

The District was unable to provide documentation as evidence that the proposed budget was filed with the CSS by July 5, 2015.

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)

No

The notice of public hearing/board meeting was not published, electronically transmitted to ADE, or mailed no later than 10 days before the meeting to adopt the budget.

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. If the District maintained a website, did the District provide a link on its website to ADE's website where the District's proposed and adopted budgets could be viewed? A.R.S. §15-905(A) and (E)

Yes

7. Did the adopted expenditure budget include all funds?

Yes

8. If the Governing Board received notification 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)

No

The District received notification that a December budget revision was required; however, the total budgeted expenditures for the General Fund and Unrestricted Capital Outlay Fund were not within the general budget limit and unrestricted capital budget limit, respectively, in the revised budget. In addition, the District was unable to provide documentation as evidence that the December revised expenditure budget was filed with the CSS by December 18.

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)

No

The District was unable to provide documentation as evidence that the May revised expenditure budget was filed with the CSS by May 18.

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

YES/NO

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

No prior year over-expenditure.

ACCOUNTING RECORDS—USFR VI-B

1. Was accounting information traceable from source documents to the financial statements?

Yes

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

No

During our review of the District's accounting records, the following errors were noted:

- Federal revenues in the Medicaid and E-Rate Funds were recorded as object code 1990 rather than a federal revenue object code.
- Donation revenues in the Gifts and Donations Fund and miscellaneous revenues in the Community School and Insurance Proceeds Funds were recorded as object code 1790 rather than 1920 and 1990, respectively.
- Federal revenue that should have been recorded in the Medicaid Fund, and summer school program revenue that should have been recorded in the Community School Fund were recorded in the Extracurricular Activities Fees Tax Credit Fund.
- Taylor Grazing federal revenues were recorded in the M&O Fund rather than in the Taylor Grazing Fees Fund.
- Fund 850 was used to record some employee insurance transactions.
- One purchase from the M&O Fund for laptops was coded to object code 6650 rather than object code 6737.
- Beginning fund balance adjustments were made to close out the Taylor Grazing Fund to the General Fund rather than record a transfer in and transfer out.
- Beginning fund balance adjustments were made to record indirect costs for the Special Education Fund rather than use the indirect costs transfer out and transfer in object codes in the Special Education and Indirect Costs Funds, respectively.

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

Yes

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

No

For three of five journal entries reviewed, supporting documentation was not maintained.

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

Yes

6. If the District was online with the CSS, did the District periodically review and document its review of transactions initiated by the CSS for propriety?

Yes

7. If the District was not online 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?

N/A

District is online 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 properly supported?

N/A

YES/NO

District is online with the CSS.

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 any differences that resulted from reconciliations with the CSS or County Treasurer's records researched and resolved in a timely manner?

Yes

CASH and REVENUES—USFR VI-C and F

1. Indicate which of the following authorized bank accounts the District maintained:

- a. M&O Fund revolving bank account? A.R.S. §15-1101
- b. Miscellaneous receipts clearing bank account(s)? A.R.S. §15-341(A)(20)
- c. Food Service Fund clearing bank account(s)? A.G. Opinion I60-35
- d. Food Service Fund revolving bank account? A.R.S. §15-1154
- e. Auxiliary Operations Fund bank account? A.R.S. §15-1126
- f. Auxiliary Operations Fund revolving bank account(s)? A.R.S. §15-1126
- g. Student Activities Fund bank account(s)? A.R.S. §15-1122
- h. Student Activities Fund revolving bank account? A.R.S. §15-1124
- i. Federal payroll tax withholdings bank account? USFR page VI-H-6
- j. State income tax withholdings bank account? A.R.S. §15-1222
- k. Employee insurance programs withholdings bank account(s)? A.R.S. §15-1223
- l. Payroll direct deposits clearing bank account? A.R.S. §15-1221
- m. Electronic payments clearing bank account? A.R.S. §15-1221
- n. Grants and gifts to teachers bank account? A.R.S. §15-1224
- o. Principals' supplies bank account(s)? A.R.S. §15-354

Yes

N/A

Yes

N/A

N/A

N/A

N/A

N/A

Yes

N/A

N/A

N/A

Yes

N/A

N/A

2. Were the authorized bank accounts used as prescribed by the applicable statutes and the USFR?

Yes

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

No 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, including receiving, depositing, and recording revenues, separated among employees 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

	YES/NO
7. Was cash received supported by evidence of receipt such as, cash register receipts or sequentially numbered handwritten cash receipt forms? (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, and money orders.)	No
For two of five miscellaneous cash receipts reviewed, the District did not issue a receipt.	
8. Were cash receipt summaries prepared to reconcile the amount of cash received to issued receipts?	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 two of five miscellaneous cash receipts reviewed, the District did not issue a receipt or document when the cash was received. Therefore, it was unable to be determined if the deposit was made timely.	
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 cash disbursements from authorized bank accounts made with sequentially numbered checks or electronic fund transfers and was supporting documentation retained for each disbursement?	Yes
15. Were disbursements from clearing bank account(s) made only by electronic payment or check payable to the County Treasurer?	Yes
16. Were checks properly completed prior to issuance and not written 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?	Yes
18. Were the signature stamps, signature plates, or electronic signatures used for signing checks physically safeguarded and access limited to only the employee whose signature they represent?	N/A
No signature stamps, facsimile 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 by an independent employee?	No

YES/NO

Bank reconciliations were not performed monthly throughout the fiscal year for all four of the District's bank accounts.

SUPPLIES INVENTORY–USFR VI-D

1. Did the District establish effective internal control policies and procedures over supplies inventories to provide accurate financial reporting and to physically safeguard such inventories from unauthorized use, theft, and damage?

No

The District did not have formal written inventory control policies that included specific procedure guidelines.

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

No perpetual 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?

No

The supplies inventory list did not contain purchase document numbers. Additionally, for one of five inventory items reviewed, the District was unable to provide supporting documentation for the cost recorded on the year-end supplies inventory list.

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:

- Location (school, department, building, room etc.)?
- Identification number for equipment (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 fair market value at the time of donation?

Yes

3. Was the capital assets list maintained by separate asset category (i.e., land, land improvements, buildings, building improvements, and equipment)?

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 equipment items recorded on the stewardship and capital asset lists, did the location and identifying number affixed to the asset agree to the information recorded on the corresponding list?

Yes

	YES/NO
7. Did the District update the stewardship and capital assets lists at least annually for acquisitions, transfers, and disposals?	Yes
<div></div>	
8. Did the District reconcile capitalized acquisitions to capital expenditures at least annually?	Yes
<div></div>	
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
<div></div>	
10. Did the District establish physical controls to help prevent theft, loss, misuse, or damage of district property?	Yes
<div></div>	
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
<div></div>	
12. Did the District follow R7-2-1131(C) when disposing of stewardship and capital asset items except as authorized by A.R.S. §15-342(7), (18), and (35)?	N/A
No disposals.	
13. Did the District maintain adequate insurance coverage for all insurable school property, as required by A.R.S. §15-341(A)(6)?	Yes
<div></div>	
EXPENDITURES—USFR VI-G	
1. Were the responsibilities of expenditure processing (voucher preparation, recordkeeping, and authorization) separated among employees or, if this was not possible due to the District's limited staff size, were management review procedures in place to compensate for employees performing incompatible functions?	Yes
<div></div>	
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
No such expenditures.	
3. Before authorizing expenditures, did the District ensure 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
<div></div>	
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?	No
For one of 25 disbursements reviewed, the purchase order was prepared after the services were received.	
5. If the District used blanket purchase orders, did they cover a definite time period and specify an expenditure limit?	Yes
<div></div>	
6. Were district monies that were restricted to specific purposes used only for allowable expenditures?	Yes

	YES/NO
7. Were receiving reports prepared for all goods and services received (except for exempted items such as salaries and related costs, utilities, and in-state travel) 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 to verify billing amounts are correct and the contract terms and conditions were being met? R7-2-1191(D)	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 by fund (and program for the M&O Fund) for goods or services received but not paid for by June 30 and file an Advice of Encumbrance based on the list with the CSS by July 18?	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? (See USFR Memorandum No. 219)	N/A
No JTED revenues.	
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?	No
The District did not have a formal written policy governing the use of credit cards. No p-cards.	
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. Was a specific employee 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. Did the District retain documentation that all card users and employees involved with processing transactions attended training?	No

	YES/NO
Documentation of a formal training for users and employees involved in processing transactions for District credit cards was not maintained.	
7. Were signed card user agreements that outline receipt of the District card use policies and procedures, including possible disciplinary actions for misuse required and retained?	No
The District did not require and retain signed user card agreements.	
8. Was all supporting documentation from card users received 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, for transactions, such as Internet, phone, and fax transactions that resulted in card charges before goods or services were received?	N/A
No such transactions.	
11. Did management conduct periodic reviews to monitor purchases, vendor usage, and compliance with applicable procurement rules?	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?	N/A
No p-cards.	
13. If the District used p-cards to pay for previously acquired goods or services, were supporting documentation and billing statements received and reconciled by someone other than the card user before payment was made to the card issuer?	N/A
No p-cards.	
<p>For question 14, the audit firm must judgmentally select at least <u>3</u> monthly credit card/p-card (including fuel card) statements in total (from different cards/accounts, if the District has more than <u>1</u> 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 <u>5</u> individual transactions in total to review from the statements selected above, in addition to any unusual or inappropriate purchases noted on the statements selected.</p>	
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.)	No
The District did not have a formal written policy governing the use of credit cards. Therefore, for the five transactions reviewed, it could not be determined the purchases were within the authorized limits.	
15. Were credit card and p-card statements paid timely to avoid finance charges and late fees?	No
Credit card statements were not always paid timely resulting in finance charges and late fees totaling \$9 for the fiscal year.	

YES/NO

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 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 (0) contracts, [(0) 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. Give adequate notice of the invitation for bid (IFB) or request for proposal (RFP)? R7-2-1022 or R7-2-1042(C) | N/A |
| No sealed bids or proposals. | |
| 2. Compile and maintain a list of persons who requested to be added to a list of prospective bidders, if any? R7-2-1023 | N/A |
| No sealed bids or proposals. | |
| 3. Issue the IFB or RFP 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 determined necessary? R7-2-1024(A) or R7-2-1042(B) | N/A |
| No sealed bids or proposals. | |
| 4. Include all required information in the IFB or RFP? (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) | N/A |
| No sealed bids or proposals. | |
| 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 | N/A |
| No sealed bids or proposals. | |
| If a multiple award was made for an IFB or RFP 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) | N/A |
| No multiple awards. | |

	YES/NO
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)	N/A
No multiple awards.	
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)	N/A
No multiple awards.	
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)	N/A
No multiple awards.	
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)	N/A
No such contracts.	
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	N/A
No sealed bids.	
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 RFP 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	N/A
No sealed proposals.	
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?	N/A
No such procurements.	
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 R7-2-1102 through R7-2-1115?	N/A
No such procurements.	
15. If the District procured goods and services using reverse auctions or electronic bidding, did the District comply with the requirements of R7-2-1018, R7-2-1021 or R7-2-1041?	N/A
No such procurements.	
16. For purchases made through the Simplified School Construction Procurement Program, did the District follow the requirements of R7-2-1033? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.)	N/A
No simplified school construction.	
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 R7-2-1008?	N/A
No consultants or advisory groups used.	

	YES/NO
18. Did the District have signed conflict of interest disclosures filed for any employee or non-employee evaluation committee members? R7-2-1008 and R7-2-1015	N/A
No sealed bids or proposals.	
19. Based upon review of (<u>5</u>) 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?	No
For four of five purchases within the oral quotation threshold, the District did not maintain documentation of the three quotes that were obtained.	
20. Based upon review of (<u>0</u>) purchases costing at least \$50,000 but less than \$100,000, did the District obtain written price quotations from at least <u>3</u> vendors and follow the guidelines for written price quotations prescribed by the USFR?	N/A
No such procurements.	
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 R7-2-1093	N/A
No multi-term contracts.	
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 R7-2-1093	N/A
No such contracts.	
23. Did the District maintain a current cooperative purchasing agreement for each cooperative or lead district the District made purchases through? R7-2-1191 through R7-2-1195.	Yes
24. Did the District perform adequate due diligence for each cooperative or lead district the District made purchases through during the audit period to help ensure that those purchases were in compliance 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 R7-2-1191(D).]	No
The District did not document due diligence procedures performed for any purchases made through the one cooperative used during the fiscal year. Mohave.	
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? R7-2-1011	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 <u>2</u> contracts tested above for which the District was the lead district in a procurement, or by selecting additional lead district procurements that total <u>2</u> , 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? R7-2-1011	N/A
District did not act as lead.	
Based upon review of <u>all</u> emergency and sole source procurements:	
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? R7-2-1055 and R7-2-1056	No

YES/NO

For the one emergency procurement, the District did not retain written documentation of why the price paid was reasonable.

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? R7-2-1053

No

The District did not retain written documentation of the Governing Board's or designee's approval of a sole source vendor for all four sole source procurements.

29. If the District used contracts for specified professional services, did the District follow the School District Procurement Rules? R7-2-1117 through R7-2-1123

N/A

No such contracts.

Based upon review of all purchases from employees and Governing Board members:

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?

No

The District did not follow School District Procurement Rules for one purchase from an employee's spouse. The District spent \$1,590 with the vendor.

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)

N/A

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? R7-2-1196(C)

N/A

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 R7-2-1196

N/A

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?

No

The District did not measure teacher performance by the teacher's performance classification pursuant to ARS 15-203, subsection A, paragraph 38.

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

YES/NO

5. For Fund 013, were expenditures only for class size reduction, teacher compensation increases, AIMS 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, AIMS 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?

N/A

No Fund 013 monies used for these purposes.

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

No such expenditures.

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

PAYROLL-USFR VI-H

1. Were payroll processing responsibilities (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 established by the Governing Board and available to employees?

Yes

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

Yes

If the District provided prorated compensation payments to employees (Questions 4-6):

4. Were elections for prorated compensation made annually before any work was performed and not changed after work began?

Yes

	YES/NO
5. Were any adjustments to the annual compensation of employees who were receiving prorated wage payments based on the employee's official rate of pay?	N/A
No adjustments.	
6. Did the District ensure that at no point during the year was an hourly employee paid for more than actual hours worked to date?	N/A
No hourly employees received prorated payments.	
7. Did individual personnel files include appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4?	Yes
8. 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
9. 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)	No
The District did not remit the ACR contribution within 14 calendar days after the applicable pay period ended for two pay periods.	
10. Did the District maintain a system to account for the accrual and use of vacation, sick leave, and compensatory time for all employees?	Yes
11. 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
12. 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
13. Were payroll registers supported by properly authorized notifications of employment, terminations, pay rate changes, withholding and voluntary deduction authorization forms, and work attendance records?	No
The District did not charge the correct insurance rates for both the employee and employer portions of the health and related insurance costs for the fiscal year 2015-16. Additionally, the District also had some eligible employees that had payroll deductions for insurance, but were not added to the plan. Further, the District did not remove terminated employees from the plan. In addition, for one hourly employee reviewed, the employee was underpaid \$12, and for one salaried employee reviewed, the employee was overpaid \$85 during the fiscal year. Further, some employees received overtime pay during the fiscal year which was not approved in advance, per District policy. Additionally, some employees began work for the fiscal year prior to having a contract in place. Lastly, the District was unable to provide the contract for one employee.	
14. Were completed payroll registers or prepayroll registers reviewed and approved?	Yes
15. 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
16. Were payroll warrants, warrant registers, direct deposit amounts, and payroll registers compared to the prepayroll register and voucher prior to distribution to employees?	Yes

YES/NO

TRAVEL–USFR VI-I

1. Did the Governing Board prescribe policies and procedures for reimbursing travel expenditures [lodging (exclusive of taxes), meals, and incidentals] incurred for District purposes, were the amounts within the maximums established by the Director of ADOA, and were employee reimbursements consistent with the policy?

Yes

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

No

For three of five travel reimbursements reviewed, the District reimbursed the employee's normal commuting miles for travel from the employee's residence to the employee's temporary duty post. In addition, for one of five travel reimbursements reviewed, the District reimbursed the employee for their normal commute to and from the District while not on travel status.

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

N/A

No such reimbursements.

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)

No

The District was unable to provide support as evidence of the date the AFR was submitted to the CSS.

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

No

The District was unable to provide documentation supporting a link to ADE's web site where the AFR could be viewed was provided.

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

District used its website.

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

No

The budgeted expenditures reported on the AFR for the General Fund did not agree with the District's most recently revised expenditure budget by \$35,214.

5. Did actual revenues and expenditures as reported on the AFR agree with the District's accounting records?

No

Actual revenues and expenditures reported on the AFR for the grant funds did not agree in total with the District's accounting records by approximately \$1,500.

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

	YES/NO
1. Was adequate separation of functions, duties, and responsibilities maintained for the authorization, programming, and operation of the IT system or, if this was not possible due to the District's limited staff size, were adequate review procedures in place?	Yes
<div></div>	
Did the District establish and document IT policies and procedures that address: (Questions 2-5)	
2. Programming, operating, and modifying the system, and was such documentation available to the appropriate personnel?	Yes
<div></div>	
3. IT systems internal control and specific risks, such as Internet use and wireless access?	Yes
<div></div>	
4. Prevention and detection of technology-related issues and include guidelines on its response to specific incidents?	Yes
<div></div>	
5. Ensuring terminated or transferred employees' access had been removed or modified?	Yes
<div></div>	
6. Were IT system software and hardware physically safeguarded from improper access, theft, and environmental hazards, and did backup procedures ensure uninterrupted operations and minimal loss of data?	Yes
<div></div>	
7. Were application and general controls adequate to safeguard the integrity and reliability of the District's data (i.e., accounting, student attendance, and payroll)?	Yes
<div></div>	
8. Did the District limit access to applications or software based on the needs of the individual's job function to prevent unauthorized access to critical systems?	Yes
<div></div>	
9. Was data properly authorized and approved prior to processing, and was the processing of data periodically reviewed by a designated employee to ensure the completeness and accuracy of processed data?	Yes
<div></div>	
10. Did the District have password security policies that require strong passwords, repeated failed access attempt notifications, and require passwords to be periodically changed?	No
<div>The District did not have password security policies that require passwords to be changed periodically.</div>	
11. Did the District's system provide an audit trail that enabled tracing of electronic transactions from inception to final disposition?	Yes
<div></div>	
12. Did the IT system generate error reports for data submitted for processing, and were these reports routinely reviewed and the necessary corrections submitted for approval?	Yes
<div></div>	
13. Did the District have a formal disaster recovery or contingency plan, and was it periodically tested to identify and remedy any deficiencies?	Yes
<div></div>	

YES/NO

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

N/A

No new IGAs entered into during fiscal year.

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

District was not the fiscal agent.

STUDENT ATTENDANCE REPORTING–USFR X-D

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 ADE's 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) and 15-901(A)(1) prescribe the number of required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs.

Instructional hours 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. ADE's External Guidelines GE-17 and 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

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?

N/A

No grades 9 through 12.

8. Did grades 9 through 12, other than AOI Programs, 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?

N/A

No grades 9 through 12.

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

YES/NO

No AOI program.

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 10-12, select at least 3 student attendance records.

10. 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

No

For two of three preschool students reviewed, ADM was submitted for students without disabilities. Additionally, for one of three preschool students reviewed, the District was unable to provide documentation showing ADM was being claimed for the student with a disability.

11. 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

12. If the District had an early first grade program, based upon review of (0) 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

No such program.

For questions 13 and 14, use the following sample sizes:

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

13. Based upon review of (5) 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 all five elementary and junior high school attendance records reviewed, absences were not reported correctly, resulting in a net understatement of 0.50 absences.

14. Based upon review of (0) 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

Attendance based on half days.

For questions 15-29, use the following sample sizes:

YES/NO

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

15. Based upon review of (0) 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?

N/A

No high school.

16. 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

No high school.

17. Based upon review of (0) high school students' attendance records, did the District prorate the membership of the students enrolled in less than four subjects?

N/A

No high school.

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

18. For school districts --Based on a review of (0) 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

No JTED students.

19. For school districts --Based on the review of (0) 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)?

N/A

No JTED students.

20. For JTEDs --Based on a review of (0) 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)?

N/A

[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(P)]

Not a JTED.

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

21. For JTEDs --Based on a review of (0) 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)

N/A

Not a JTED.

22. For school districts and JTEDs --Based on a review of (0) 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)

N/A

No JTED students.

For school districts offering an AOI Program, based upon review of (0) AOI students' attendance records for 4 weeks: (ADE's Policies and Procedures Manual, SF-0003)

	YES/NO
23. 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 AOI school? A.R.S. §15-808(E)	N/A
No AOI program.	
24. Did the hours reported to ADE agree to the guardian-approved or District computer-generated daily log?	N/A
No AOI program.	
25. Were all students who participated in an AOI Program, residents of this state? A.R.S. §15-808(B)	N/A
No AOI program.	
26. Was the students' Intended Full Time Equivalency Enrollment Statement maintained?	N/A
No AOI program.	
27. Based upon review of the student attendance records in questions 23 through 26, did the District follow its procedures, to re-determine the actual FTE for each student enrolled in an AOI Program, following a student's withdrawal or after the end of the school year?	N/A
No AOI program.	
28. Based upon review of (<u>3</u>) 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
29. Based upon review of (<u>5</u>) 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

For questions 30 through 40, use the following sample sizes:

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

Based upon review of (5) entries (Note: Enrollment forms are not required for continuing students at the same school.): Questions 30-36

30. 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
31. Did the entry date in the computerized attendance system agree to the entry form?	Yes
32. Did the teachers' attendance registers, if used, and other documentation support the entry date in the computerized attendance system?	N/A
Computerized system.	
33. 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

YES/NO

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

No

For two of five entries reviewed, the District did not maintain verifiable documentation of Arizona residency upon enrollment. As a result, it could not be determined if the students should have been excluded from state aid and ADM calculations or charged tuition.

35. If a student was a nonresident of Arizona, was the student excluded from the District's student count and state aid calculations? A.R.S. §15-823(K)

No

For two of five entries reviewed, the District did not maintain verifiable documentation of Arizona residency upon enrollment. As a result, it could not be determined if the students should have been excluded from state aid and ADM calculations or charged tuition.

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

No

For two of five entries reviewed, the District did not maintain verifiable documentation of Arizona residency upon enrollment. As a result, it could not be determined if the students should have been excluded from state aid and ADM calculations or charged tuition.

Based upon review of (5) withdrawals: (Questions 37-40)

37. 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.)

Yes

38. 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.)

No

For one of five withdrawals reviewed, the date in the computerized attendance system (10/29/15) did not agree to the withdrawal form (10/28/15).

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

N/A

Computerized system.

40. 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 41 use the following sample sizes:

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

41. Based upon review of (0) 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

YES/NO

District used only a computerized attendance system.

42. 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

43. 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

44. Based upon review of the District's 40th and 100th day information uploaded to ADE (ADMS 75-1 in SAIS, or equivalent report in AzEDs), did the membership and absences agree to the District's computerized attendance system records? (Note: For an AOI Program, review year-end attendance information.)

No

Total memberships and absences for the 3rd grade at Morristown Elementary School (520 and 23, respectively) did not agree to the information uploaded to ADE for the 40th day (480 and 3, respectively). In addition, memberships and absences for the 5th grade at Morristown Elementary School (1,092 and 93, respectively) did not agree to the information uploaded to ADE for the 100th day (1,020 and 10.50, respectively). The District did not reconcile the amounts submitted to the figures reported by ADE.

TRANSPORTATION SUPPORT

1. Did the District retain documentation to support the amounts entered on the Transportation Route Report submitted to ADE?

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".) ADE's Transportation Guideline SF-0002

No

It was unable to be determined whether the District followed the 25-day period for the student count as prescribed in ADE policy SF-0002.

RECORDS MANAGEMENT–USFR X-E

1. Did the District retain and 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 have policies and procedures to address the 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?

N/A

No such items.

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

Yes

YES/NO

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?

N/A

No Auxiliary Operations Fund.

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

No athletic events.

4. Were receipt forms and tickets sequentially numbered?

N/A

No tickets.

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?

N/A

No such account.

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?

N/A

No such accounts.

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)

No

For one of three extracurricular activities fees tax credit disbursements reviewed, the purchase did not qualify as an eligible activity. Population exhausted.

STUDENT ACTIVITIES FUND–USFR X-H

1. Did the Governing Board appoint a student activities treasurer and, if applicable, assistant student activities treasurers?

N/A

No student activities.

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: Raffles, bingo, and other forms of gambling are not legal events for student clubs.)

N/A

YES/NO

No student activities.

3. Were all Student Activities Fund monies deposited in a bank or treasurer account designated as the Student Activities Fund account?

N/A

No student activities.

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.)

N/A

No student activities.

5. Did the District verify cash was available in the student club accounts before disbursements were made?

N/A

No student activities.

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?

N/A

No student activities.

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

N/A

No student activities.

8. Was a Report of Cash Receipts, Disbursements, Transfers, and Cash Balances of the Student Activities Fund submitted to the Governing Board monthly?

N/A

No student activities.

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 value of taxable 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)

N/A

No bonds issued during the year.

2. Was total bonded indebtedness 15 percent (30 percent for a unified district) or less of the value of taxable 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)

N/A

No bonds issued 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)

N/A

No Bond Building Fund.

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

No outstanding bonded indebtedness.

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

YES/NO

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)

N/A

No Bond Building Fund.

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 maintain a conflict of interest file for employees and Governing Board members who have made such conflicts known to the District? A.R.S. §38-509

Yes

3. If any purchases were made from vendors identified on documents in the conflict of interest file, 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 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

No allegations of theft or fraud or misuse during fiscal year 2015-16.

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

Audit Firm

Heinfeld, Meech & Co., P.C.

Date

March 20, 2017

Preparer (AUDIT FIRM Representative)

Jennifer L. Shields, CPA, CGFM

Title

Partner