

Gila Bend Unified School District

Not in compliance with the Uniform System of Financial Records (USFR)

List of deficiencies for the year ended June 30, 2022

Governing board/management procedures - The governing board and District management should establish and implement procedures as required by Arizona Revised Statutes (A.R.S.) to ensure their oversight duties are met.		
	Question	Deficiency
1.	The District annually obtained conflict-of-interest (COI) forms that adequately allowed governing board members and employees to fully disclose a conflict of interest in any contract, sale, purchase, or service, and prior to accepting the forms, management reviewed the information to ensure governing board members and employees properly completed the form and sufficiently disclosed the required information. A.R.S. §38-502	The governing board did not have signed conflict of interest forms completed during the current year.
2.	The District maintained, for public inspection, a special file with all documents necessary to memorialize all conflict-of-interest disclosures. A.R.S. §38-509	The District did not maintain a conflict-of-interest file for the current year.
3.	The governing board appointed a student activities treasurer and, if applicable, assistant student activities treasurers. A.R.S. §15-1122	The District did not maintain documentation that a student activities treasurer was appointed by the governing board.
4.	The governing board received monthly Student Activities Fund Reports of Cash Receipts, Disbursements, Transfers, and Cash Balances that were accurately prepared. A.R.S. §15-1123	Documentation in the board meeting minutes did not show that governing board members received monthly student activity fund reports of cash receipts, disbursements, transfers, and cash balances.
5.	The governing board approved student clubs' and organizations' fund-raising events. A.R.S. §15-1121 and AG Opinion I84-018	The District did not maintain documentation that student activities fundraising events were approved by the governing board or its designee.
Accounting records - The District should accurately maintain accounting records to support the financial information it reports and follow processes and controls that reduce the risk of undiscovered errors that would affect the reliability of information reported to the public and oversight agencies.		
	Question	Deficiency
1.	The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.	For 16 of 22 adjusting journal entries tested, supporting documentation was not retained and provided with the entry to support why the entry was prepared.
2.	The District reconciled revenues, expenditures, expenses, and cash balances (as applicable) by fund, program, function, and object code at least at fiscal year-end with the CSS, and the reconciliation was reviewed and properly supported.	<p>The District shared a financial ledger with the CSS.</p> <ul style="list-style-type: none"> An audit adjustment was recorded for \$67,524 in the General Fund and Building Renewal Grant Fund to properly eliminate due to/from accounts that were not properly cleared in the prior year accounting modules. This entry was prepared and posted in the prior year audit and not posted by the District. Solar panel expenditures in the amount of \$59,013 were recorded in the fiscal year ending June 30, 2023, module in error as the activity was incurred for the period ending June 30, 2022. Expenditures were recorded in error to the First Things First program (Fund 467). An audit adjustment of \$78,323 was necessary to properly record the expenditures in the Maintenance & Operation (M&O) fund as funding was not available within First Things First.

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Cash and revenue - The District should document and control cash transactions to safeguard monies, provide evidence of proper handling to protect employees involved in handling monies from unfounded accusations of misuse, and reduce the risk of theft or loss.

	Question	Deficiency
1.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 5 of 25 cash receipts tested, the District did not deposit the monies in a timely manner.
2.	All District bank accounts were reconciled monthly by an employee not involved with cash-handling or issuing checks, and reconciliations were reviewed, signed, and dated by an employee independent of the cash-handling process.	Bank reconciliations were not prepared during the current year for any of the District's accounts. Additionally, it was noted that the District did not maintain statements for the months of July, August, and September 2021 for the Federal Tax Account, ASRS Account, and Employee Insurance Withholding Account.

Property control - The District should properly value, classify, and report land, buildings, and equipment on its stewardship and capital assets lists. In addition, the District should safeguard its property, which represents a significant investment of its resources, from theft and misuse.

	Question	Deficiency
1.	The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.	No support was provided to show that assets or stewardship items placed in service were properly tagged.
2.	The District performed a physical inventory of all equipment at least every 3 years and reconciled the inventory results to the stewardship and capital assets lists upon completion.	The District did not maintain documentation of the last full physical inventory. The date of the last inventory could not be determined.

Expenditures - The District should ensure spending approvals document both the allowable District purpose and confirmation that spending was within budget capacity or available cash, to ensure appropriate use of public monies and compliance with budget limits, and to protect employees from unfounded allegations of misuse.

	Question	Deficiency
1.	The District's Student Activities Fund disbursements and transfers of monies among student clubs were issued only when cash was available in the student club account and properly authorized by or on behalf of the student members of a particular club and documented in the club minutes.	For 2 of 5 student activities disbursements tested, club minutes were not provided to support the authorization of the purchase by the students.
2.	The District prepared an Advice of Encumbrance for levy funds based on list the liabilities for goods or services received but not paid for by June 30, including payroll, and filed it with the CSS by July 18. A.R.S. §15-906 (Districts authorized by A.R.S. §15-914.01 to participate in the accounting responsibility program should perform the duties as described in A.R.S. §15-304.)	The District did not prepare or file an advice of encumbrance.

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Travel - The District should ensure employee travel is for an approved District purpose and travel reimbursements are correctly calculated and appropriately supported by travel documentation.		
	Question	Deficiency
1.	The District's travel expenditures (lodging, meals, and incidentals) and mileage reimbursements were for District purposes and reimbursed within the maximum reimbursement amounts established by the Director of Arizona Department of Administration and in accordance with governing-board-prescribed policies and procedures. Amounts were reimbursed and reported as a taxable employee benefit if no overnight stay or no substantial sleep/rest occurred.	For 5 of the 6 mileage reimbursements the District reimbursed at a higher rate than allowable by the ADOA, which resulted in an overpayment of \$132.03.
Procurement - The District should follow the School District Procurement Rules and USFR purchasing guidelines for purchases it makes to promote fair and open competition among vendors that helps ensure the District receives the best value for the public monies it spends.		
	Question	Deficiency
1.	The District requested at least 3 written quotes for purchases costing at least \$10,000 but less than \$100,000 and followed the guidelines prescribed by the USFR.	For 13 of 14 purchases tested requiring written price quotations, documentation was not maintained to support quotes were obtained.
2.	The District properly procured expenditures that individually or cumulatively totaled over \$100,000.	The District had an existing contract in place for janitorial services entered into in a prior year but did not perform any procurement procedures. The total fiscal year ending June 30, 2022, expenditures for this vendor were \$102,930.
3.	The District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more. A.R.S. §15-213(N) and R7-2-1003	The District did not maintain documentation that employees involved with procurement received training on the acceptance of gifts.
4.	The District performed due diligence to support the use of each cooperative or lead district contract the District made purchases from during the audit period.	The District did not perform due diligence on any contracts during the current year.
Financial reporting - The District should accurately prepare its financial reports, including its Annual Financial Report (AFR), to provide the public and oversight bodies, including bond investors and district creditors, a transparent view of the District's financial position.		
	Question	Deficiency
1.	The District prepared the AFR and AFR summary (if one was prepared) with all information as required by A.R.S. §15-904, and followed the AFR Review, Submission, and Publication Instructions	The food service AFR was not submitted until 11/30/2022 and neither the school-level AFR or COVID-19 financial report were submitted.
2.	The District's website included its average teacher salary information required by A.R.S. §15-903(E) and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report	A link to the Arizona Auditor General's most recent spending report was not posted on the District's website.

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Student attendance reporting - The District should report accurate student membership and attendance information to ADE to ensure it receives the appropriate amount of State aid and/or local property taxes.		
	Question	Deficiency
1.	The District ensured the student's name in the student management system matched the name on the legal document on file. A.R.S §15-828(D).	For 1 of 5 students tested during the enrollment procedures testing, a birth certificate was not maintained to support the students identify.
2.	The entry date in the computerized attendance system agreed to the entry form and was entered into the attendance system within 5 working days after the actual date of the student's enrollment. A.R.S §15-828.	For 1 of 5 student enrollments tested, the entry date in the computerized attendance system did not agree with the enrollment form.
3.	The District uploaded membership and absence information to ADE that agreed to the District's computerized system records for the first 100 days of school. A.R.S.§15-901	Membership uploaded to ADE was understated by 437 days.
Information technology (IT) - The District should adopt an IT security framework that aligns with credible industry standards and through that framework the District should implement controls that provide reasonable assurance that its financial and student data is accurate, reliable, and secure.		
	Question	Deficiency
1.	The District maintained adequate separation of duties in its IT systems that prevented 1 employee from completing a transaction without additional review and approval procedures.	The CFO had full administrative access to Visions, the District's accounting software, when it was not required for her job function.
2.	The District had recovery and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually.	The District's IT recovery and contingency plans were not tested during the current year.
Transportation support - The District should accurately report its transportation miles and eligible student riders to ADE, to ensure the District receives the appropriate amount of State aid and/or local property taxes.		
	Question	Deficiency
1.	The District accurately calculated and maintained documentation for miles and students reported on the Transportation Route Report submitted to ADE. A.R.S. §15-922	The District did not maintain support for the mileage or student counts reported on the TRAN 55-1 report.