

Winslow Unified School District

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

List of deficiencies for the year ended June 30, 2023

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 governing board approved student clubs' and organizations' fundraising events. A.R.S. §15-1121 and Attorney General Opinion I84-018	Documentation of governing board approval was not provided for 2 of 10 student activity fundraising events reviewed. A fundraising list was approved in September 2022.
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 coded transactions in accordance with the USFR Chart of Accounts.	<ul style="list-style-type: none"> The District coded workbook and in person staff training to Object 6610—Supplies that would have been more appropriately coded to Object 6300—Purchased Professional and Technical Services for materials used by students that supplement a district's adopted, educational program. A scholarship expense was coded within Fund 525—Auxiliary Operations and should have been more appropriately recorded to Fund 530—Gifts and Donations where the donation or scholarship monies should have been recorded.
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 used miscellaneous receipts clearing bank account(s) in accordance with A.R.S. §15-341(A)(20).	The District should not have used the same bank account (Off Set Account) as a Miscellaneous Receipts Clearing Bank Account, Federal Payroll Tax Withholdings Bank Account, State Income Tax Withholdings Bank Account, and Electronic Payments Clearing Bank Account. In addition, 1 of 10 disbursements made from this account was not for allowable disbursements from a clearing account.
2. The District used the employee insurance programs withholdings bank account(s) in accordance with A.R.S. §15-1223.	For 1 of 5 bank account transactions tested, a check was written for a wellness challenge prize, which was not an allowable disbursement from the employee insurance withholding account.

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3.	The District supported deposits with issued receipts, cash receipt summary reports, mail logs, etc., and reconciled sales to amounts collected with summary reports or ticket logs.	For 2 of 10 student activity deposits tested, documentation was not provided to reconcile sales to amounts collected. In addition, for 1 student activity deposit tested, the sale report did not reconcile to the cash receipt report.
4.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 15 of 35 cash receipts tested, deposits were not made timely.
5.	The District safeguarded unused checks.	For 3 District bank accounts, 1 of the check signers has custody of the checks.
6.	The District safeguarded signature stamps, signature plates, and electronic or digital signatures used for approving accounting transactions, checks, and other District documents to ensure that access was limited to only the employee whose signature they represented.	The District did not limit access to the signature stamps as 2 signature stamps representing the Business Manager and the Superintendent were kept in a safe the Business Manager, Superintendent, and the Secretary of the Superintendent could access.
7.	The District tracked and reconciled the number of meals sold to the total cash collected per day.	For 1 of 5 food service cash receipts tested, documentation was not provided to reconcile meals sold to cash collected.

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.	For 2 of 15 capital assets and stewardship items tested, the corresponding asset was not properly tagged.

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 expenditures were made only for allowable District purposes, properly satisfied the specific purposes required for any restricted monies spent and were adequately supported by documentation required by the USFR.	An expenditure for teacher appreciation meals should not have been recorded within Fund 525—Auxiliary Operations. Further, the teacher appreciation meals expenditure was not made for an allowable District purpose.

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2.	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 1 of 10 student activity cash disbursements tested, club minutes were not maintained to support the student club approved the corresponding purchase.
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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 the Arizona Department of Administration (ADOA) and in accordance with governing-board-prescribed policies and procedures. Amounts were reimbursed and reported as a taxable employee benefit if no overnight stay or no substantial sleep/rest occurred.	<ul style="list-style-type: none"> • One travel expenditure for a meal with no overnight stay or substantial rest was not reported as a taxable employee benefit. • For 3 of 13 hotel reimbursements tested, the daily hotel rates exceeded the allowable ADOA rate. • For 1 of 6 meal reimbursements tested, the reimbursement was not calculated based on the allowable daily rate per the ADOA. • For all 6 meal reimbursements tested, the reimbursement was not supported by receipts. Instead, per diem rates were used.

Credit cards and p-cards - The District should control credit cards and p-cards to help reduce the risk of unauthorized purchases and approve purchases to ensure compliance with competitive purchasing requirements in the USFR and School District Procurement Rules.

	Question	Deficiency
1.	The District issued and tracked possession of all District credit cards and trained employees who make credit card purchases or process transactions on the District's policies and procedures.	Credit card user agreements were not maintained for all card users.

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 1 of 5 vendors tested with purchases between \$10,000 and \$100,000, the District did not maintain 3 written quotes.
2.	The District properly procured expenditures that individually or cumulatively totaled over \$100,000.	Two vendors with purchases over \$100,000 were not properly procured through an invitation for bids or request for proposals process.

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3.	The District's governing board approved all sole-source procurements before any purchases were made, and the written determinations were retained in the procurement files. Arizona Administrative Code R7-2-1053 and R7-2-1086	For 10 of 27 sole source vendors tested, adequate documentation to support that this vendor was the only source for the goods or services provided were not maintained.
<p>Payroll - The District should document the review, verification, and approval of payroll expenditures to ensure employees are appropriately compensated and payments to employees are supported by governing board approved contracts, pay rates, and terms of employment.</p>		
Question		Deficiency
1.	The District established a delayed payroll system for hourly employees that did not delay payments more than 7 business days during its normal 2-week payroll processing cycle and allowed adequate time for payroll adjustments to be made, if needed, between the end of the pay period and the payment date.	The District's pay date is 1 day (Friday) before the last day of the pay period (Saturday). This does not provide adequate time for payroll adjustments to be made between the end of the pay period and payment date.
<p>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.</p>		
Question		Deficiency
1.	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.	The most recent version of the Arizona Auditor General's spending report was not linked on the District's website. A link was provided to an out-of-date report.
<p>Student attendance reporting - The District should report accurate student membership and attendance information to the Arizona Department of Education (ADE) to ensure it receives the appropriate amount of State aid and/or local property taxes.</p>		
Question		Deficiency
1.	For students enrolled in a program provided by a Career Technical Education District (CTED) in a facility the District owned or operated (satellite programs), the District reported the actual enrollment for only the District classes the student was enrolled in at the District's school (excluding CTED program classes) under the District's CTDS number.	For 3 of 5 CTED students reviewed, documentation was not provided to support if the District reported the actual enrollment for only the District classes the student was enrolled in at the District.
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 5 of 10 student enrollments tested, the first day per the attendance report did not agree with the date per the form. In addition, for 2 of 10 enrollments tested, documentation was not provided to support if the entry date in the computerized attendance system agreed to the entry form.

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3.	The student membership begins on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school. ADE's External Guideline GE-17	For 2 of 10 student enrollments tested, documentation was not provided to support if student membership began on the first day of actual attendance.
4.	The District reported student withdrawal dates to ADE within 5 working days and maintained documentation that supported the date of data entry.	For 5 of 10 student withdrawals tested, the withdrawal date per system did not agree with the withdrawal date per the form.
5.	The District counted students withdrawn for having 10 consecutive unexcused absences in membership only through the last day of actual attendance or excused absence. A.R.S.§15-901(A)(1)	For 2 of 8 withdrawals tested for students having 10 consecutive unexcused absences (W4), membership was not properly recorded through the students last day of attendance. For 4 of 8 W4 withdrawals tested, documentation was not provided to support if student membership was only counted through the last day of actual attendance or excused absence.
6.	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 was overstated by 623 days.
7.	The District excluded nonresident students from the District's student count and State aid calculations and charged tuition as applicable. A.R.S. §15-823(G) and (L)	Per review of 3 students that were reported as nonresidents of Arizona, the District did not exclude the students from the student count and state aid calculations and did not charge tuition.

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.	Two District employees were documented as having full access within the financial reporting system without clearly identified compensating controls.
2.	The District enforced data security policies related to passwords and user authentication that aligned with credible industry standards.	The District did not provide formal written password policies that were established for the current year.
3.	The District had incident response and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually.	The District did not test the disaster recovery plan or contingency plan during the current year.