

Cochise County Accommodation 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 District held governing board meetings in accordance with A.R.S. §§38-431 to 38-431.09, and prepared and retained written minutes and/or recordings.	For 4 meetings of the governing board, the District could not provide a public meeting notice with record of posting on the website.
2.	The District annually provided guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees as part of their employment. A.R.S. §§38-502 and 38-509	District did not retain documentation that they annually provided guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees as a part of their employment.
3.	The District annually obtained conflict-of-interest (COI) forms that allowed governing board members and employees to make known and fully disclose a conflict of interest in any contract, sale, purchase, service, or decision, 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 and 38-503	District did not retain documentation that they annually obtained signed COI forms that allowed governing board members and employees to make known and fully disclose a conflict of interest, or documented that the individuals had no conflicts with the District.
4.	The governing board established written personnel and payroll policies and approved employee contracts, wage agreements, salary and wage schedules, and any other agreed-upon terms of employment.	The District did not document approval of salary schedules and other pay rates within the governing board minutes.

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List of deficiencies for the year ended June 30, 2023

Budgeting – The District should prepare budgets based on legal requirements and allowable uses of monies and monitor spending to accurately inform the public about its planned spending and ensure it stays within those budgets.

	Question	Deficiency
1.	The budget included all funds as required by A.R.S. §15-905 and followed the form's Budget—Submission and Publication Instructions.	<p>The District did not complete the following budget requirements properly:</p> <ul style="list-style-type: none"> • The District is required to submit the proposed budget to the Arizona Department of Education (ADE) prior to July 5, 2022; however, the District submitted the proposed budget on August 14, 2022. • The District is required to submit the adopted budget to the ADE prior to July 18, 2022; however, the District submitted the adopted budget on October 4, 2022. • The District could not provide evidence that an email was sent to the School Finance Budget team with the screenshot that provided a clickable link to the District's webpage where both the proposed and adopted budgets were placed. • The District did not document within the board minutes when the proposed budget was presented; therefore, the auditor was unable to determine the agenda was posted with sufficient time. • The District did not document within the board minutes when the proposed budget was adopted.

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"> • For 1 of 5 credit card expenditures selected, the District coded overnight lodging to object code 6500—Other purchased services, however, it appears the expenditure should have been coded to 6580—Travel. • The District coded Prop 123 State revenue to object code 3125, however, the revenue should have been coded to object code 3100—Unrestricted. • One expenditure for workers compensation was coded to the liability object code 0227—Worker's Compensation instead of expenditure object code 6260—Workers' Compensation.
2.	The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.	For all 5 journal entries selected, the District did not provide supporting documentation that the journal entries were properly supported, approved, signed, and dated by someone other than the preparer.

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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 used the principals' supplies bank account(s) in accordance with A.R.S. §15-354.	For all 5 principal's supplies bank account expenditures selected, the District could not provide supporting documentation that the principal supplied the governing board of the school district with receipts that show the price paid for each item purchased.
2.	The use of debit cards was prohibited as a payment method associated with any District bank account.	There was a total of \$12,507 of expenditures using debit cards during the fiscal year.
3.	An employee not involved with cash-handling or issuing checks reconciled all District bank accounts monthly, and an employee independent of the cash-handling process reviewed, signed, and dated the reconciliations.	The District's principal's supplies bank account was reconciled monthly by an employee involved with cash-handling or issuing checks. In addition, reconciliations were not reviewed, signed, and dated by an employee independent of the cash-handling process.

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 3 of 5 stewardship list items selected, the District did not have an identifying number affixed to the asset.

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 monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916.	For 1 of 10 purchase orders selected, totaling \$77,933.66, the District did not document approval by authorized District personnel via signatures or electronic approvals on the purchase order. In addition, for 2 of 14 expenditures selected, totaling \$32,768.24, the District issued the purchase order after receiving the invoice. The purchase orders were issued between 1 and 2 days after the date on the invoice.

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

List of deficiencies for the year ended June 30, 2023

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.	The District could not provide evidence that it provided annual credit card training to its employees.
2.	The District ensured someone other than a card user reconciled credit card and p-card supporting documentation and billing statements.	The District's credit card billing statements were inappropriately addressed to an employee's personal residence.
3.	The District paid credit card and p-card statements before the due date to avoid finance charges and late fees.	The District incurred \$39 in credit card interest and fees.

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 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 Arizona Administrative Code (A.A.C.) R7-2-1003	The District did not provide training and guidance to employees, their supervisors, and others who participate in the planning, recommending, selecting, or contracting for materials, services, goods, construction, or construction services of a school district or school purchasing cooperative, related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more.
2.	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. A.A.C. R7-2-1053 and R7-2-1086	The governing board minutes did not include written determinations for 1 sole source procurement (population exhausted) prior to making a purchase or entering a contract, including the specific reasons for the vendor being determined sole source as well as the dollar amount of the purchase.

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

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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 completed and submitted all parts of the AFR reporting package, including the school-level reporting AFR, using its accounting data in the files and reported additional information required in the forms, such as revenue and expenditure amounts that were not automatically pulled from its accounting and student count data, and maintained applicable supporting documentation. A.R.S. §15-904(F)	For Fund 001—Maintenance & Operations, expenditure amounts on the AFR were understated by \$5,717 when compared to the District's accounting records. For Fund 336—ESSER II, expenditure amounts on the AFR were overstated by \$5,197 when compared to the District's accounting records.
2.	The District followed the AFR—A.R.S. §15-904, and followed the Review, Submission, and Publication Instructions.	The District did not complete the following AFR requirements: <ul style="list-style-type: none"> • The District was required to submit a copy of the signed cover page of the District's AFR by October 17, 2023; however, the District submitted the cover page on November 7, 2023. • The District did not document the approval of the AFR within the governing board minutes.
3.	The District submitted the School District Employee Report (SDER) to ADE, and it was accurate and timely. A.R.S. §15-941 and School Finance Reports	The District was unable to provide evidence that they prepared and submitted the SDER with the ADE for the fiscal year.

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 all 5 student entries selected, the District was unable to provide evidence that it retained legal documentation of the student's name, such as a birth certificate.
2.	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 all 5 student entries selected, the District was unable to provide student attendance records that would support that membership began on the first date of actual attendance.

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3.	The District obtained and maintained verifiable documentation of Arizona residency for enrolled students, including students in its Arizona Online Instruction program. A.R.S. §15-802(B)(1) and ADE's Updated Residency Guidelines	For all 5 student entries selected, the District was unable to provide evidence that it observed and retained an "Arizona Residency Documentation Form" or "Affidavit of Shared Residence" (or equivalent support that would meet the requirements of A.R.S 15-802) and related verifiable documentation of Arizona residency.
4.	The District prepared and retained the Official Notice of Pupil Withdrawal form for each withdrawal, and the forms were signed by a District administrator. A.R.S. §15-827	For all 5 student withdrawals selected, the District was unable to provide evidence that it prepared and retained an Official Notice of Pupil Withdrawal.
5.	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	The District's 100th day membership data did not agree with the amounts reported on the AzEDS ADM15, resulting in an understatement of membership days by 8,164.67 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 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's IT provider was unable to provide planning documents that included the date and method used to review the contingency plan or that it was tested at least annually.