

Casa Grande Union High 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 annually provided guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest (COI) statutes apply to all District governing board members and employees as part of their employment. A.R.S. §§38-502 and 38-509	The District did not annually provide guidance to all governing board members and employees on what constitutes a substantial interest, nor did they ensure governing board members and employees are reminded annually of COI policies and require governing board members and employees to complete COI statements on an annual basis.
2.	The District annually obtained COI forms that allowed governing board members and employees to make known and fully disclose a COI 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	The District did not require governing board members and employees to complete annual COI forms.
3.	Employees or governing board members with reported conflicts, except as provided in A.R.S. §15-323, refrained from voting upon or otherwise participating in any manner in that contract, sale, purchase, service, or decision of the school district. A.R.S. §§38-502 and 38-503(B)	For 3 employees reviewed, who had identifiable vendor conflicts, the District did not have a COI form on file for the employees.

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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.	<p>The following coding errors were noted on the District's general ledger:</p> <ul style="list-style-type: none"> • State revenue in the amount of \$49,092 in the Arizona Industry Credentials Incentive Fund was coded to object code 1950—Miscellaneous Revenues from Other Districts instead of object code 3200—Restricted. • Expenditures related to E-Rate reimbursements were recorded in the Unrestricted Capital Outlay Fund rather than the E-Rate Fund. • Financed purchase payments were miscoded between principal and interest. • Payments to 2 vendors related to leases of equipment in excess of 12 months were incorrectly coded to object 6442—Rental of Equipment and 6532—Other Communications Services, rather than object codes 6832—Other for principal payments on long-term obligations other than bonds and 6842—Other for interest payments on long-term obligations other than bonds.
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 1 of 15 journal entries reviewed, the journal entry was not approved by someone other than the preparer. In addition, for 1 of 15 journal entries reviewed, the District did not provide supporting documentation for the journal entry, including evidence that it was approved by someone other than the preparer.
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).	Disbursements were made from the Miscellaneous receipts clearing account to vendors other than the County Treasurer.
2.	The District used a Food Service Fund clearing bank account(s) in accordance with USFR page X-F-5 and Arizona Attorney General Opinion I60-35.	The Food Service Fund clearing bank account was not cleared to the proper fiscal year (FY) at year end. In addition, the Food Service Fund clearing bank account was not cleared to the County Treasurer monthly. At June 30, 2023, the account balance was \$163,923 and consisted of collections made during FY 2023. However, the District recorded the clearing deposit in the FY 2024 general ledger and audit adjustments were necessary to correctly state cash and revenue.

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3.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 1 of 10 Student Activity deposits reviewed, no deposit slip was provided. Therefore, the District's auditors were unable to determine if cash received was deposited intact daily, when significant, or at least weekly. Further, the District's auditors were unable to determine if the cash was deposited into the District's bank account as no deposit slip was provided.
4.	The District retained supporting documentation for disbursements from bank accounts.	For 1 of 10 student activities bank account disbursements reviewed, the District did not retain supporting documentation.
5.	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 did not reconcile the Auxiliary Operations Fund and Student Activities Fund bank accounts during the fiscal year which collectively totaled \$1,317,169 at June 30, 2023. As such, the District was unable to demonstrate the specific transactions that made up the difference between the bank and book balances at year end.

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 maintained a capital assets list that included all required information listed in the USFR for all land, land improvements, buildings, building improvements, and equipment with costs that exceed the District's adopted capitalization threshold.	<p>The following was noted during review of the capital asset schedules:</p> <ul style="list-style-type: none"> • Capital expenditures of approximately \$2.1 million related to projects not completed at year end were initially classified as completed and depreciable capital assets instead of construction in progress. • The prior year construction in progress balance that was completed during FY 2023 was not initially reclassified to a depreciable asset category. • Initial capital asset schedules included numerous asset additions that were less than the District's capitalization threshold of \$5,000. • Several depreciation errors were noted in the initial capital asset schedules due to incomplete software fields and in-service dates outside of the fiscal year.

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2.	The District recorded additions including financed assets on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually.	The District did not prepare a complete and accurate reconciliation of asset additions to capital purchases as the District's auditors noted the following errors: <ul style="list-style-type: none">• Construction in progress project costs of approximately \$3.2 million were initially excluded from the capital asset schedules until auditors noted the error.• Equipment purchases of \$31,800 made from the separate auxiliary operations general ledger were not included as current year asset additions.• For 1 purchase of multiple information technology (IT) equipment items, the District's auditors noted that 1 of the 31 pieces of equipment purchased was not included in the capital asset listing.
3.	The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.	The following were noted during review of the District's stewardship and capital asset schedules: <ul style="list-style-type: none">• For 4 of 5 items selected from the stewardship listing, the items could not be located on the premises.• For 1 of 5 items selected from the stewardship listing, the tag was missing from the asset.• For 3 of 5 items selected from the capital asset listing, the items could not be located.• For 1 of 5 items selected from the capital asset listing, the asset was being held at a different site/school than listed.• For 3 of 5 items selected from the premises, the location indicated on the listing was inaccurate.
4.	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 has not performed a physical inventory and reconciliation over stewardship and capital assets since FY 2017. As of May 2024, the District noted it had never completed the process of reconciling the results of the most recent physical inventory conducted in July 2021.
5.	The governing board or authorized designee approved stewardship and capital asset items disposed of during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with Arizona Administrative Code (A.A.C.) R7-2-1131.	For all disposals reviewed, the District could not provide documentation that the disposal was made in compliance with the A.A.C.

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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 (PO) and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916.	At year end, the Career and Technical Education fund had a deficit cash balance of \$529,083 and the Arizona Industry Credentials fund had a deficit cash balance of \$14,114. Additionally, for 3 of 50 disbursements reviewed, determined the PO was not reviewed and approved prior to issuance and receipt of goods or services.
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.	One student club (VGHS Student Council) had a negative cash balance at year-end of \$407. Additionally, for 1 of 10 Student Activities disbursements reviewed, supporting documentation was not maintained, therefore the District's auditors were unable to determine if the disbursement/transfer was a valid student activities disbursement/transfer.
3.	The District properly prepared the Career Technical Education District (CTED) Supplanting worksheet and adequately supported that monies received from a CTED were used only for career and technical education and to supplement, rather than supplant, the District's base year career and technical education courses. A.R.S. §15-393	The District could not provide documentation to support that the CTED Supplanting worksheet was submitted to the CTED.

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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.	For 2 of 5 travel reimbursements reviewed, determined the amounts reimbursed for meals were overpaid by a total of \$83.77. In addition, for 2 of 5 travel reimbursements reviewed, the District did not maintain supporting documentation for the reimbursements, therefore, it could not be determined if the amounts reimbursed for meals were within maximums established by the ADOA.

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 2 purchases reviewed, the District did not obtain 3 written quotes from vendors.
2.	The District recorded the time and date that sealed bids or proposals were received and stored bids or proposals unopened until the time and date set for opening. A.A.C. R7-2-1029 or R7-2-1045	For 1 sealed procurement reviewed, the District did not retain time/date stamped envelopes, or other documentation, to demonstrate responses met the submission deadline.
3.	The District obtained signed procurement disclosure statements for all employees with job responsibilities related to procurement and for all procurement consultants, members of a procurement advisory group, or evaluation committee involved in each specific procurement process. A.A.C. R7-2-1008 and R7-2-1015	For 1 sealed procurement reviewed, signed procurement disclosure forms were not maintained in the procurement file for employees participating in the evaluation committee.

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4.	For any purchase of services from governing board members or goods or services from District employees, regardless of the expenditure amount, the District followed the School District Procurement Rules, except as authorized by A.R.S. §15-323.	The District did not follow School District Procurement Rules for 1 purchase from a school employee for \$340.
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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.

	Question	Deficiency
1.	The District required employees' contracts or personnel/payroll action forms to document the employees' election for prorated compensation.	For 3 of 50 employees reviewed, the District's auditors were unable to verify elections for prorated compensation were made before any work was performed as no contract was provided.
2.	The District's individual personnel files included all appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4.	For all 5 employee personnel files reviewed, at least 3 of the forms listed on the USFR pages VI-H-2 through 4 were not maintained in each personnel file reviewed.
3.	The District's payroll reports were properly reviewed and approved before processing and distribution to employees.	For 10 of 50 employees reviewed, the rates of pay established in the payroll software were in excess of the approved contracts on file. Additionally, for 5 of 50 employees reviewed, the District could not locate an approved contract. The amount of potential overpayment associated with the 15 employees was estimated at approximately \$92,000 for the fiscal 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.	Budgeted expenditures reported on the AFR agreed with the District's most recently revised adopted expenditure budget.	Budgeted expenditures reported on the AFR did not agree with the District's expenditure budget for the E-Rate, Impact Aid, and Other Federal Projects funds.
2.	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)	Actual revenues and expenditures reported on the AFR for multiple funds did not agree with the District's accounting records. Additionally, amounts in the School Level Reporting AFR did not always agree to the AFR.

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3.	The District followed the AFR—A.R.S. §15-904, and followed the Review, Submission, and Publication Instructions.	A link was not provided on the District's website where the AFR could be viewed by November 15.
4.	Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.	School Facilities Oversight Board revenues of \$475,000 received in August 2023 were incorrectly recorded in the FY 2023 general ledger, instead of the FY 2024 general ledger where the related expenditures were recorded. Audit adjustments were necessary to correctly state FY 2023 cash and revenue.
5.	The District submitted the School District Employee Report (SDER) to the Arizona Department of Education (ADE), and it was accurate and timely. A.R.S. §15-941 and School Finance Reports	The District did not submit the SDER by October 15. In addition, for 2 of 5 position codes reviewed, the full time equivalent (FTE) per the SDER 30 report did not agree to the District's supporting documentation.

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.	For students enrolled in both District and in CTED central program courses, the sum of the average daily membership (ADM) was no more than 1.75 and the amount claimed by either entity was no more than 1.0. A.R.S. §15-393(Q)	For all 5 CTED students reviewed no information was provided; therefore, the District's auditors were unable to determine if students enrolled in both District and CTED central campus courses were not reported in excess of 1.0 ADM each for the District and CTED, and for a total not to exceed 1.75.
2.	The District maintained appropriate documentation and accurately reported students enrolled in its Arizona Online Instruction (AOI) program, including redetermining the actual FTE for each student enrolled in an AOI program following a student's withdrawal or after the end of the school year. A.R.S. §15-808	For all 5 AOI attendance records reviewed, the District did not: <ul style="list-style-type: none"> maintain forms to support the hours reported on the guardian-approved daily log agreed to the hours reported to ADE. maintain Intended FTE Enrollment Statements. re-determine the student's FTE following the student's withdrawal or after the end of the school year.
3.	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 5 of 10 attendance records reviewed, the District's auditors were unable to agree the student's name entered into the District's student management system with the name on the legal documents for enrollment (i.e. birth certificate) as no legal document was maintained/provided.
4.	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 entries reviewed, no entry form was provided, therefore the District's auditors could not agree the date in the computerized attendance system to the entry form.

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5.	The District reported student withdrawal dates to ADE within 5 working days and maintained documentation that supported the date of data entry.	For 5 withdrawals reviewed, the withdrawal date was not documented on the withdrawal form, therefore the District's auditors could not determine if the date entered into the system was the actual withdrawal date. Additionally, for 3 withdrawals reviewed, the date in the computerized attendance system did not agree to the withdrawal date on the withdrawal form.
6.	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 attendance records reviewed for 10 consecutive unexcused absences, the student was not counted in membership through the last day of actual attendance or excused absence.
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)	For 5 of 10 entries reviewed and for 5 AOI students reviewed, the District did not maintain adequate verifiable documentation of Arizona residency. As a result, it could not be determined if the students should have been excluded from the District's student count and State aid calculations or if the students should have been charged tuition.
8.	The District obtained and maintained verifiable documentation of Arizona residency for enrolled students, including students in its AOI program. A.R.S §15-802(B)(1).	

Information technology - 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 District has not sufficiently limited access to its financial software based on the needs of the individuals' job functions.
2.	The District had cloud computing, digital learning, and vendor contracts or data-sharing agreements in place with any 3rd parties accessing or hosting District data that addressed controls to support security and processing integrity, and backup procedures if applicable, before data was accessed/shared.	The District did not maintain a vendor contract or data sharing agreement that addressed 3rd party data security and processing integrity controls related to the financial accounting system.
3.	The District enforced data security policies related to passwords and user authentication that aligned with credible industry standards.	Multifactor authentication was not required for users with remote access to critical IT systems.

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4.	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 its disaster recovery plan at least annually. A system test was last performed in June 2021.
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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's documentation of eligible students did not agree to the Transportation Route Report, resulting in an understatement on the Transportation Route Report of 127 students.