

Wilson Elementary 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 received monthly Student Activities Fund Reports of Cash Receipts, Disbursements, Transfers, and Cash Balances that were accurately prepared. A.R.S. §15-1123	Student Activities Summary Reports were not always presented to the Governing Board on a monthly basis.
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>During our review of documentation to support the accounting records, we noted the following:</p> <ul style="list-style-type: none"> • The District incorrectly coded \$31,995 of Classroom Site Fund revenue to object code 3000—Revenue from State Sources, rather than object code 3200—Additional State Aid. • The District incorrectly coded its 7/1/23 bond principal payment of \$370,000 to object code 5110—Bond Principal (other financing source), and its 7/1/23 bond interest payment of \$57,875 to object code 1510—Interest revenue on Investments. • The District coded a state grant of \$80,000 to a federal Fund 314—ASU PBS as opposed to a 4XX—State Projects Fund code. • The District did not properly allocate revenue between the Maintenance and Operation and Unrestricted Capital Outlay Funds.
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 30 journal entries reviewed, supporting documentation was not retained. In addition, it was unable to be determined if the journal entry was approved by an authorized person.
3.	The District transferred monies only between funds listed in the USFR §III Chart of Accounts—Authorized Transfers.	The District incorrectly recorded unallowable negative transfers-out of \$21,850 and \$1,420 to Funds 336—ESSER II and 346—ESSER III, respectively.

Wilson Elementary School District

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

List of deficiencies for the year ended June 30, 2023

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.	Per review of the capital asset listing, which was maintained in Excel, some assets are not identified by a tag number. For example, server equipment is assigned a tag "Cisco Meraki", and some assets are identified by a purchase order number.
2.	The District's stewardship list for items costing at least \$1,000 but less than the District's capitalization threshold, including financed assets, included all required information.	The stewardship listing was maintained in Excel. The stewardship listing did not appear to be updated annually for acquisitions, transfers, and disposals.
3.	The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.	For 5 of 10 items selected from the capital asset and stewardship listings, the items were not found on the premises. Additionally, for 4 of 5 items selected from the premises, the items were not found in the capital asset or stewardship listings.
4.	The District reconciled the current year's June 30 capital assets list to the previous year's June 30 list.	In fiscal year 2020, an audit adjustment was recorded to remove a roof from the capital asset listing. The District did not make the required adjustment, resulting in the listing being overstated by \$130,378 in buildings and improvements and \$14,668 in accumulated depreciation. This error was caused by the District not reconciling the prior year Annual Comprehensive Financial Report balances to the current year beginning balances.
5.	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 performed a physical inventory in May 2022 but did not update the capital asset listing with the results.

Wilson Elementary School District

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

List of deficiencies for the year ended June 30, 2023

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.	For 3 of 41 disbursements reviewed, the purchase order was reviewed and approved after the receipt of 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.	For 9 of 15 student activities disbursements reviewed, the District was unable to provide minutes from student clubs to authorize the purchase. Additionally, multiple student activity clubs had negative balances as of June 30, 2023.
3.	The District prepared an Advice of Encumbrance for levy funds based on the list of liabilities for goods or services received but not paid for by June 30, including payroll, and filed it with the County School Superintendent (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 was unable to provide the Advice of Encumbrance. The District contacted the County, but it was not able to be located. Therefore, it could not be determined that it was fully completed and submitted to the CSS by July 18.
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 paid credit card and p-card statements before the due date to avoid finance charges and late fees.	The District incurred \$188 of late fees and finance charges during the year.

Wilson Elementary School District

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

List of deficiencies for the year ended June 30, 2023

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 3 of 9 purchases reviewed, the District was unable to provide documentation of 3 written quotes.
2.	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 related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more.
3.	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. A.A.C. R7-2-1191(D)	For 3 of 9 purchases from a cooperative contract reviewed, the District was unable to provide the District's due diligence documentation.
4.	The District prepared written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative. A.A.C. R7-2-1004 and A.R.S. §15-213(B)	For 1 of 9 purchases from a cooperative contract reviewed, the written determination was not signed or dated. Additionally, for 3 of 9 purchases from a cooperative contract reviewed, the District was unable to provide a written determination.
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 calculated the accrual and use of vacation, sick leave, and compensatory time for all employees in accordance with District accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon separation of employment following District policies.	Internal controls over the preparation of an accurate compensated absence schedule were not properly designed or implemented. Additionally, for 2 of 5 employees reviewed, it was determined that the District did not use the correct payout rate to calculate the ending leave balance based on the employees' years of experience and position. Finally, for 4 of 5 employees reviewed, determined the inputted beginning balance of paid leave did not agree to the prior year ending balance.

Wilson Elementary School District

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

List of deficiencies for the year ended June 30, 2023

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 could not be agreed to the most recently revised expenditure budget for the Community School Fund by \$1,000.
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 reported on the AFR for the Classroom Site, County, City and Town Grants, and ESEA Title I Funds did not agree to the accounting records by \$46, \$73,971, and \$73,969, respectively. Additionally, actual revenues reported on the AFR for the ESEA Title I and County, City, and Town Grants Funds did not agree to the accounting records by \$477,866 and \$485,973, respectively.
3.	The District followed the AFR—A.R.S. §15-904, and followed the Review, Submission, and Publication Instructions.	The AFR was submitted to Arizona Department of Education (ADE) on October 31, 2023, and to the CSS on April 24, 2024. The school-level report was submitted on October 18, 2023. The initial submission of the AFR, which was rejected, was made on October 16, 2023. Additionally, the District did not meet publishing requirements for the AFR by November 15.
4.	Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.	The District did not invoice another District for lease payments for the months of March 2023 through June 2023.
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 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 1 of 5 attendance records reviewed for students withdrawn for having 10 consecutive unexcused absences, the withdrawal date was not the last day of actual attendance or excused absence.

Wilson Elementary School District

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

List of deficiencies for the year ended June 30, 2023

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 disaster recovery plan has not been tested in the last year. The last test performed was in December of 2020.