

**TUBA CITY UNIFIED SCHOOL DISTRICT NO.15
UNIFORM SYSTEM OF FINANCIAL RECORDS
COMPLIANCE QUESTIONNAIRE
FOR FISCAL YEAR ENDED JUNE 30, 2011**

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JUNE 30, 2011

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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Governing Board of
Tuba City Unified School District No.15

We have performed the procedures enumerated below, which were agreed to by Tuba City Unified School District No.15 (District) and the Arizona Department of Education solely to assist the specified parties in evaluating the District's compliance with applicable legal requirements during the fiscal year ended June 30, 2011. The District's management is responsible for compliance with the applicable legal requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed are summarized as follows:

Procedures: We completed the accompanying Uniform System of Financial Records Compliance Questionnaire in accordance with the instructions contained therein.

Findings: Our findings are summarized in Appendix A of the accompanying Uniform System of Financial Records Compliance Questionnaire.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of Tuba City Unified School District No.15's management, Governing Board, others within the entity, Arizona Office of the Auditor General and Arizona Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

William Dobridge, CPA PC

William Dobridge, CPA PC
Certified Public Accountant

March 12, 2012

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TUBA CITY UNIFIED SCHOOL DISTRICT NO.15

**UNIFORM SYSTEM OF FINANCIAL RECORDS
COMPLIANCE QUESTIONNAIRE**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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TUBA CITY UNIFIED SCHOOL DISTRICT NO.15

Uniform System of Financial Records

Compliance Questionnaire

For Fiscal Year Ended June 30, 2011¹

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¹ This questionnaire must be used for fiscal year (FY) 2010 audits and thereafter. The questionnaire dated 7/09 must be used for FY 2009 audits.

USFR COMPLIANCE QUESTIONNAIRE

INSTRUCTIONS

Arizona Revised Statutes (A.R.S.) §15-271 requires the Office of the Auditor General to inform any school district failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records* (USFR) that it has 90 days to correct the cited deficiencies. To assist the Office of the Auditor General in determining whether a district has attained an acceptable degree of compliance with the requirements of the USFR, the audit firm must complete this USFR Compliance Questionnaire. A copy of the completed questionnaire must be submitted with the audit reporting package to the Office of the Auditor General and the Arizona Department of Education (ADE).

In addition, A.R.S. §§15-213(F) and 15-914(G) require districts to have a systematic review of their purchasing practices and average daily membership (ADM), respectively, performed in conjunction with their audit. The purpose of the review is to determine whether the District is in compliance with the applicable procurement and student attendance laws and rules of the State of Arizona. Districts meet these requirements by having their audit firm complete Expenditures questions 7 through 16 and Student Attendance Reporting questions 3 through 21 using the guidelines established by the Office of the Auditor General. Additional instructions, including required sample sizes, are specified in this questionnaire on pages 7 and 9 for purchasing practices and 15 through 18 for ADM.

Further, A.R.S. §41-1279.21(A)(4) authorizes the Office of the Auditor General to prescribe minimum audit standards for school district audits and to determine if audits meet those standards. The following prescribed minimum audit standards for completing the USFR Compliance Questionnaire must be used for all school district audits. Audits not meeting these standards may be rejected by the Office of the Auditor General.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the District is in compliance with the USFR, and the evidence must be included in the audit documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support “Yes” answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population. However, for Expenditures questions 7, 10, and 11, the specified numbers of items to be tested must be used as described in the additional instructions on page 7, and for Expenditures questions 8 and 13, the specified numbers of items in the questions must be tested. Likewise, for Student Attendance Reporting questions 3 through 17, the specified numbers of items must be tested as described in the additional instructions preceding each section.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the District is in compliance with the USFR on that question.
- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ A “Yes” answer indicates that the audit firm has determined that the District is in compliance with the USFR on that question and a “No” answer indicates the District does not comply. However, the final determination of compliance on each question, as well as overall compliance with the USFR, is made by the Office of the Auditor General based on the evidence presented in the questionnaire, audit reports, the audit documentation, and any other sources of information available.
- ◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Deficiencies must be described in sufficient detail to enable the Office of the Auditor General to determine the nature and significance of the deficiency for: (a) assessing compliance with the USFR, (b) appropriately describing the deficiency in a report and (c) testing compliance during a status review. The description should include the number of items tested and the number of exceptions noted. Comments such as “See LOR” are not adequate.

The resulting audit documentation supporting the audit firm’s answers on the questionnaire must be made available on request for review by the Office of the Auditor General, and ADE. To facilitate this review, the audit firm may wish to include in the audit documentation a copy of the questionnaire with references to the audit procedures performed for each question.

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
<u>BUDGETING</u>		
1. Was a copy of the proposed expenditure budget filed with the Superintendent of Public Instruction and the County School Superintendent (CSS) no later than July 5 or the date of publication or mailing of the notice of public hearing? A.R.S. §15-905(A)	Yes	Filed July 1, 2010
2. Did the District publish, mail, or post on ADE's website, a copy of the proposed expenditure budget or summary of the proposed budget and the notice of the public hearing and board meeting no later than 10 days before the meeting to consider the budget? If published, was publication in a newspaper of general circulation within the District? If mailed, was a copy mailed to each household in the District? A.R.S. §15-905(C)	No	Comment #1
3. If the District did not post its proposed expenditure budget on ADE's website, was the publisher's affidavit of publication or affidavit of mailing, of the proposed expenditure budget filed by the Governing Board with the Superintendent of Public Instruction within 30 days after publication or mailing? A.R.S. §15-905(C)	N/A	District posted expenditure budget on ADE's website
4. Were the total budgeted expenditures on the adopted budget for the Maintenance and Operation (M&O), Unrestricted Capital Outlay and Soft Capital Allocation Funds less than or equal to the budgeted amounts on the published proposed budget for each individual fund, respectively? A.R.S. §15-905(E)	Yes	
5. Was the adopted expenditure budget mathematically accurate, did it include all funds, and was it signed at a public hearing on or before July 15 and filed with the CSS and the Superintendent of Public Instruction (electronically) by July 18? A.R.S. §15-905(B) and (E)	Yes	
6. If the governing board received notification that the budget was in excess of the general budget limit, the unrestricted capital budget limit or the soft capital allocation limit by 1 percent of the general budget limit or \$100,000, whichever is less, did it give notice and hold a public meeting, and adopt a revised budget before December 15 which did not exceed those limits and file it with the CSS and the Superintendent of Public Instruction (electronically) by December 18?	N/A	The District did not receive notification
7. If the District revised the adopted expenditure budget, was the revision completed before May 15 (July 15, 2010 for FY 2010 only) and filed with the CSS and the Superintendent of Public Instruction (electronically) by May 18 (July 15, 2010 for FY 2010 only)?	Yes	Filed May 7, 2011
8. Were the total budgeted expenditures for the M&O Fund within the general budget limit; were the total budgeted expenditures for the Unrestricted Capital Outlay Fund within the unrestricted capital budget limit and were the total budgeted expenditures for the Soft Capital Allocation Fund within the soft capital allocation limit? A.R.S. §15-905(E)	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
9. If the District had an over-expenditure in the prior year, did the District reduce its budget by the prior year's over-expenditure (or a portion of the prior year's over-expenditure, as approved by the Superintendent of Public Instruction) or was the District actively correcting its prior year's data pursuant to A.R.S. §15-915, which would reduce or eliminate the prior year's over-expenditure? A.R.S. §15-905(M))	N/A	No over-expenditures in the prior year.

ACCOUNTING RECORDS

1. Were responsibilities separated so that one individual did not have complete authority over an entire financial transaction? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	No	Comment #14
2. Was accounting information traceable from source documents to the financial statements?	Yes	
3. Was the ability to revise the accounting records restricted to authorized individuals?	Yes	
4. Were accounting records maintained in accordance with the USFR Chart of Accounts?	No	Comments #2,3
5. Were journal entries supported by documentation, approved by someone other than the preparer, and numerically controlled?	Yes	
6. If transfers were made, were they limited to those authorized by A.R.S. or the USFR? (See Chart of Accounts §III-F for a complete list of authorized transfers.)	Yes	

If the District was on-line with the CSS (Question 7)

7. Did the District periodically review and document its review of transactions initiated by the CSS for propriety?	N/A	Not on-line with CSS
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If the District was not on-line with the CSS (Questions 8 & 9)

8. Did the District properly reconcile its records of cash balances by fund monthly with the CSS, and was the reconciliation properly supported?	Yes	
9. Did the District properly reconcile its records of 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 was the reconciliation properly supported?	Yes	

Whether the District was on-line or not (Question 10 & 11)

10. Were the District's records of cash balances reconciled to the County Treasurer's records at least monthly, by either the CSS or the District?	Yes	
11. Were any differences that resulted from reconciliations with the CSS or County Treasurer's records researched and resolved in a timely manner?	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
CASH		
1. Were only the following authorized bank accounts maintained:		
a. M&O Fund revolving account? A.R.S. §15-1101	Yes	
b. Miscellaneous Receipts clearing account(s)? A.R.S. §15-341(A)(20)	Yes	
c. Food Service Fund clearing account? A.G. Opinion I60-35	Yes	
d. Food Service Fund revolving account? A.R.S. §15-1154	Yes	
e. Auxiliary Operations Fund account? A.R.S. §15-1126	Yes	
f. Auxiliary Operations Fund revolving accounts? A.R.S. §15-1126	N/A	No account
g. Student Activities Fund accounts? A.R.S. §15-1122	Yes	
h. Student Activities Fund revolving account? A.R.S. §15-1124	N/A	No account
i. Federal Savings Bond Withholdings account? A.R.S. §15-1221	N/A	No account
j. State Income Tax Withholdings account? A.R.S. §15-1222	Yes	
k. Employee Insurance Programs Withholdings account? A.R.S. §15-1223	N/A	No account
l. Grants and Gifts to Teachers account? A.R.S. §15-1224	N/A	No account
m. Federal Payroll Tax Withholdings account? USFR page VI-H-8	Yes	
n. Principals' Supplies account(s)? A.R.S. §15-354	N/A	No account
o. Electronic Payments clearing account? A.R.S. §15-1221	N/A	No account
p. Payroll Direct Deposits clearing account? A.R.S. §15-1221	Yes	
2. List the name and purpose of any unauthorized bank accounts below.	N/A	None
Name	Purpose	
3. Were the authorized bank accounts used as prescribed by the applicable statutes?	Yes	
4. Were unauthorized and inactive bank accounts closed?	N/A	None noted
5. Were cash-handling and recordkeeping responsibilities separated among employees? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	Yes	
6. Were all employees who handle significant amounts of cash adequately bonded?	Yes	
7. Were cash receipts deposited intact daily, when significant, or at least weekly?	No	Comment #4,5,20,21
8. Were validated deposit slips or treasurer's receipts retained and agreed to applicable copies of bank deposit slips or treasurer's receipts maintained on file?	No	Comment #7
9. Were cash disbursements from authorized bank accounts made by prenumbered and numerically-controlled checks and was supporting documentation maintained for each disbursement?	Yes	
10. Were disbursements from the Miscellaneous Receipts clearing bank account(s) made only by check payable to the County Treasurer?	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	<u>YES/NO</u>	<u>COMMENTS</u>
11. Were checks properly completed prior to issuance and not written payable to cash or bearer?	Yes	
12. Were unused checks physically safeguarded and access to them limited to authorized personnel who were not check signers or did not have access to signature stamps, facsimile plates, or electronic signatures?	Yes	
13. Were the signature stamps, facsimile plates, or electronic signatures physically safeguarded and was access to them limited to a minimum number of employees who did not have access to the blank checks?	N/A	Local checks are signed by 2 District employees
14. Were bank accounts reconciled monthly by an employee not involved in handling cash receipts or disbursements or were reconciliations reviewed by an independent employee?	Yes	

SUPPLIES INVENTORY

1. Were the responsibilities of receiving, issuing, accounting for, and controlling inventory properly separated among employees? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	Yes	
2. Did the District properly safeguard supplies inventory from unauthorized use, theft, and damage?	Yes	
3. Were supply requisitions properly approved and were supplies released from storerooms only with approved requisitions?	Yes	
4. Was a complete physical inventory of supplies taken at least annually for periodic inventories and at least once every 3 years for perpetual inventories?	Yes	
5. Were written instructions developed, distributed, and reviewed with all personnel participating in the physical inventory?	No	Comment #6
6. If a perpetual inventory was maintained, were supplies inventory records investigated and adjusted to account for significant physical count differences when an actual physical inventory was performed?	Yes	
7. Was a supplies inventory list that included item and unit descriptions, purchase document numbers, quantities, unit costs, extended costs, page totals, and a grand total prepared at the end of each fiscal year for all supplies, including donated items?	Yes	
8. Was adequate documentation maintained to support the actual cost recorded on the supplies inventory list?	Yes	

CAPITAL ASSETS

1. Did the District prepare a capital assets list that included all equipment with unit costs of \$5,000 or more and useful lives of 1 year or more, and all land, buildings, and related improvements with a cost of \$5,000 or more? (Lower threshold amounts may be used if adopted by the Governing Board.)	Yes	
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USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
2. Does the capital assets list include the following information:		
a. Location (school, department, building, etc.)?	Yes	
b. Identification number (tag number, serial number, or other number that specifically identifies the item)?	Yes	
c. Description (model number, size, color, etc.)?	Yes	
d. Method of acquisition (purchase, donation, construction, trade, or lease-purchase)?	Yes	
e. Source of funding?	Yes	
f. Acquisition date (month and year of acquisition)?	Yes	
g. Purchase document number (purchase order, voucher, or other document number that can be used to trace to the supporting documentation)?	Yes	
h. Actual cost, estimated historical cost, or fair market value at the date of donation?	Yes	
3. Did the District maintain a stewardship list for items costing at least \$1,000 but less than \$5,000 (or the District's capitalization threshold if less than \$5,000)? Did the list include the description, identification number (tag number), location of the item, and the month and year of acquisition?	Yes	
4. Was the capital assets list maintained by separate asset category (i.e., land and improvements, buildings and improvements, and equipment)?	Yes	
5. Did the capital assets list or other schedule include the useful life, residual value, function code for reporting depreciation, and annual and accumulated depreciation for land improvements that deteriorate with use or the passage of time, buildings, building improvements, and equipment, including vehicles in excess of \$5,000?	Yes	
6. Did the District update the stewardship and capital assets lists at least annually for acquisitions and disposals?	Yes	
7. Were assets recorded on the capital assets list at actual cost including ancillary charges, or at estimated historical cost if actual cost was not determinable?	Yes	
8. Was proper supporting documentation retained for all items recorded on the capital assets list?	Yes	
9. Were equipment items recorded on the stewardship and capital assets list identified by a tag, marked with an identifying number, or specifically identified by some other means?	Yes	
10. Was a physical inventory of items taken at least every 3 years and reconciled to the stewardship and capital assets lists?	Yes	
11. Did the District follow R7-2-1131(C) when disposing of stewardship and capital asset items?	Yes	
12. Did the District reconcile capitalized acquisitions to capital expenditures at least annually? Were differences properly resolved?	Yes	
13. Did the District reconcile the current year's capital assets list to the previous year's list?	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
14. Did the District maintain adequate insurance coverage for all insurable school property, as required by A.R.S. §15-341(A)(6)?	Yes	

REVENUES

1. Were the responsibilities of receiving, depositing, and recording revenues separated among employees? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	Yes	
2. Were prenumbered and numerically-controlled cash receipt forms prepared for all cash, checks, and warrants received at the District?	Yes	
3. Were daily cash receipt summaries prepared to provide a reconciliation of the amount of cash, checks, and warrants on hand to issued receipts?	Yes	
4. Were all monies received by the District deposited with the County Treasurer at least monthly, unless deposited in a bank account authorized by statute?	No	Comment #'s 5 & 20
5. Were all monies deposited with the County Treasurer by the District accompanied by a prenumbered and numerically-controlled deposit transmittal form or a treasurer's receipt?	Yes	
6. Were validated treasurer's receipts received and maintained on file by the District for all District revenues deposited with the County Treasurer?	No	Comment #7
7. Were validated treasurer's receipts for all deposits reconciled to the accounting records and to copies of deposit transmittals or treasurer's receipts?	No	Comment #7
8. Were Federal Impact Aid revenues deposited in the following funds: M&O Fund (001-4800) for FY 2010 only, Impact Aid Fund (3XX-4800) for FY 2011 and thereafter, Federal Impact Aid—Construction Fund (699-4300), or Impact Aid Revenue Bond Debt Service Fund (720-4800), as applicable?	Yes	

EXPENDITURES

1. Were the responsibilities of expenditure processing (voucher preparation, recordkeeping, and authorization) separated among employees? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	Yes	
2. Did the Governing Board obtain voter approval for the construction of buildings and purchase of school sites unless otherwise exempted by A.R.S. §15-342(25)?	N/A	No such purchases in fiscal year 2010-11
3. Did the Governing Board ensure that sufficient cash was available in cash-controlled funds and budget capacity was available in budget-controlled funds, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916 before authorizing expenditures from them?	No	Comment #8

USFR COMPLIANCE QUESTIONNAIRE

	<u>YES/NO</u>	<u>COMMENTS</u>
4. Were prenumbered and numerically-controlled purchase orders prepared for all District expenditures (except for exempted items such as salaries and related costs, utilities, and in-state travel, or when a written contract was otherwise prepared), and were they approved by personnel authorized by the Governing Board before issuance to vendors?	Yes	
5. Were purchase orders prepared before the goods or services were ordered?	Yes	
6. If the District used blanket purchase orders, did they cover a definite time period and specify an expenditure limit?	Yes	

For Expenditures questions 7, 10, and 11, the audit firm must select and test a specified number of transactions based on the District’s ADM as shown in the table below. The listed sample sizes represent the minimum level of required test work. The audit firm should use their judgment in determining whether a larger sample is needed.

<u>District ADM</u>	<u>Sample Size</u>
<1,000	5
1,000-5,000	10
>5,000	15

In the parentheses provided in questions 7, 10, and 11, indicate the actual number of transactions tested. If all transactions were tested, indicate such in the “Comments” column. For question 7, at least 40 percent of the number of expenditures tested must be for purchases made through competitive sealed bids and at least 40 percent of the number of expenditures tested must be for purchases made through competitive sealed proposals. If these 40 percent thresholds cannot be met due to an inadequate population size, the audit firm must test all expenditures made through competitive sealed bids or made through competitive sealed proposals. Of the expenditures selected above, at least one expenditure should be for traditional construction (design-bid-build), and at least one expenditure should be for construction-manager-at-risk, design-build, job-order-contracting (question 7.b.13), or qualified select bidders list (question 7.d), if applicable.

7. Based upon review of 8 expenditures [4 invitation for bids (IFB’s) and 4 requests for proposals (RFP’s)] for the procurement of construction, materials, and services that exceeded \$33,689 (\$50,000, effective for purchases after April 26, 2010) did the District follow the School District Procurement Rules (R7-2-1001 et seq)?	Exhausted population	
a. For purchases made through competitive sealed bidding, did the District:		
1) Give adequate notice of the IFB? R7-2-1022	Yes	
2) Compile and maintain a list of prospective bidders (that requested to be added to a list of prospective bidders, if any)? R7-2-1023	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
3) Issue the IFB at least 14 days before the time and date set for bid opening unless a shorter time was determined necessary, and did the IFB include all required information, including purchase specifications? R7-2-1024	Yes	
4) Stamp sealed bids with the time and date upon receipt and store bids unopened until the time and date set for bid opening? R7-2-1029	Yes	
5) Award contracts to the lowest responsible and responsive bidder whose bid conformed, in all material respects, to the requirements and evaluation criteria set forth in the IFB? R7-2-1031	Yes	
6) If a multiple award ² was made, determine, with the specific reason(s) in writing, that a single award was not advantageous to the District?	N/A	Single awards
a) Maintain documentation that supported the basis for a multiple award?	N/A	
b) Limit contract awards to the least number of suppliers necessary to meet the requirements of the District?	N/A	
7) For contracts where only one responsive bid was received, determine that the price submitted was fair and reasonable, and that either other prospective bidders had reasonable opportunity to respond or there was not adequate time for resolicitation? R7-2-1032	N/A	Multiple responses received
8) Maintain documentation that supported the basis for the determination in 7) above?	N/A	
b. For purchases made through competitive sealed proposals, did the District:		
1) Determine that the use of competitive sealed bids was either not practicable or not advantageous to the District based on one or more of the criteria in R7-2-1041?	Yes	
2) Maintain documentation that supported the basis for the determination in 1) above?	Yes	
3) Include all applicable factors in the RFP? R7-2-1042(A)	Yes	
4) Give adequate notice of the RFP? R7-2-1042(C)	Yes	
5) Compile and maintain a list of prospective bidders (that requested to be added to a list of prospective bidders, if any)? R7-2-1023	Yes	
6) Issue the RFP at least 14 days before the closing date and time for receipt of proposals unless a shorter time was determined necessary? R7-2-1042(B)	Yes	

² Examples of multiple awards include-
Incremental awards - made only if it is necessary to obtain the required quantity or delivery terms.
Regional awards - made if materials or services are required in widely scattered locations or a particular requirement is of a local nature.

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
7) Stamp sealed proposals with the time and date upon receipt and store proposals unopened until the closing date and time for receipt of proposals? R7-2-1045	Yes	
8) Award the contract to the offeror whose proposal was determined, with specific reason(s) in writing, to be most advantageous to the District based on the factors set forth in the RFP? R7-2-1050	Yes	
9) Maintain documentation that supported the basis for the determination in 8) above?	Yes	
10) If a multiple award ³ was made, determine, with the specific reason(s) in writing, that a single award was not advantageous to the District?	N/A	Single awards
a) Maintain documentation that supported the basis for a multiple award?	N/A	
b) Limit contract awards to the least number of suppliers necessary to meet the requirements of the District?	N/A	
11) For contracts where only one responsive proposal was received, determine that the price submitted was fair and reasonable, and that either other prospective bidders had reasonable opportunity to respond or there was not adequate time for resolicitation? R7-2-1045(C)	N/A	Multiple responses received
12) Maintain documentation that supported the basis for the determination in 11) above?	N/A	
13) If the District used construction-manager-at-risk, design-build, or job-order-contracting to procure construction services, did the District comply with the requirements of R7-2-1116 and, for procurements commenced after July 29, 2010, Laws 2010, Chapter 283?	N/A	Not used to procure construction services
c. If the District used an advisor(s) to assist with the specifications or procurement in specific areas, did the District comply with the requirements of R7-2-1007?	N/A	Advisors not used
d. If the District used a qualified select bidders list to procure construction services, did the District comply with the requirements of R7-2-1110?	N/A	RFP for athletic fields publicly advertised

³ Examples of multiple awards include-
Incremental awards - made only if it is necessary to obtain the required quantity or delivery terms.
Regional awards - made if materials or services are required in widely scattered locations or a particular requirement is of a local nature.

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
e. If the District procured goods and information services using electronic, on-line bidding, did the District comply with the requirements of Title 41, Chapter 23, Article 13 and the rules adopted by the Arizona Department of Administration (ADOA) in implementing that article until the Arizona State Board of Education adopts rules for these procurements, after which the District should comply with those rules?	N/A	Did not utilize electronic, on-line bidding
f. For purchases made through the Simplified School Construction Procurement Program (R7-2-1033), did the District:	N/A	No simplified procurement
1) Ensure that construction costs did not exceed the maximum amount specified in A.R.S. §15-213(A)(2)?	N/A	
2) Submit solicitations to bid and all other information related to the project to all vendors included in a list maintained by the CSS?	N/A	
3) Open the bids at a public opening?	N/A	
4) Keep the bids confidential until the public opening?	N/A	
5) Encourage competition to the maximum extent possible?	N/A	

Complete question 8 if the District acted as the lead district (i.e., obtained bids/proposals) in a purchasing cooperative.

8. Based upon review of at least <u>2</u> purchases in question 7 for which the District was the lead District in a procurement for a group of districts, or by selecting additional lead district procurements that total <u>2</u> , did the District follow the procurement procedures required for competitive sealed bidding or competitive sealed proposals, as applicable, and take into consideration the total estimated volume of purchases for all districts in the group?	N/A	The District did not act as a lead in a purchasing cooperative
9. Did the District refrain from purchasing goods or services using another district's or cooperative's contract in which it was not a part of the original invitation/request where the additional purchase by the District would have materially increased the estimated volume stated in the original invitation/request?	Yes	
10. Based upon review of 10 purchases costing at least \$5,000 but less than \$15,000 (\$25,000 for purchases after September 22, 2010), did the District obtain and document oral price quotations from at least <u>3</u> vendors and follow the guidelines governing competitive purchasing prescribed by the USFR?	No	Comment #9
11. Based upon review of 4 purchases costing at least \$15,000 (\$25,000 for purchases after September 22, 2010), but less than \$33,689 (\$50,000 for purchases after April 26, 2010), did the District obtain written price quotations from at least <u>3</u> vendors and follow the guidelines governing competitive purchasing prescribed by the USFR?	Yes	Population Exhausted

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
12. Did the District document an analysis of the known requirements for an item or a collection of items that, in the aggregate, would require the purchase of the item or items through the use of oral quotations, written quotations, or formal competitive bids/proposals?	Yes	
13. Based upon review of all emergency and sole source procurements:		
a. Did the District maintain a written statement for each emergency procurement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and was such statement signed by the individual authorized to initiate emergency procurements? R7-2-1057	Yes	<u>1 emergency purchase</u>
b. Did the District retain written documentation of the Governing Board's determination that there was only one source for required materials, service, or construction items purchased through sole source procurement? (For sole source procurements below the bidding threshold, the District may follow the guidelines in #10 and #11 above or the requirements for sole source outlined in R7-2-1053)	Yes	
14. Were purchases under current General Services Administration (GSA) contracts authorized by the Governing Board?	N/A	No purchases under GSA contracts
15. Did the Governing Board determine in writing that all of the criteria listed in A.R.S. §15-213(J) applied to a GSA contract before authorizing purchases under the contract?	N/A	
16. Did the District perform adequate due diligence for each cooperative the District purchased through during the audit period to help ensure that those purchases were in compliance with the School District Procurement Rules? (Note: Indicate below each cooperative the District purchased through and whether due diligence was adequate based on the guidelines provided in USFR Memorandum No. 248.)		
<u>Cooperative:</u>		
Mohave	Yes	
TCPN	Yes	
SAVE	Yes	
17. Were receiving reports prepared for all goods and services received, except for exempted items? Was the date of receipt, quantity received, and signature of the recipient noted on each receiving report?	Yes	
18. Did the accounts payable function include maintaining documentation and matching receiving reports, vendor invoices, and purchase orders before payment?	No	Comment #10
19. Did the Governing Board establish and maintain formal, written policies in accordance with USFR pages VI-G-7 and 8 governing the use of credit cards?	Yes	

USFR COMPLIANCE QUESTIONNAIRE

YES/NO COMMENTS

For question 20, the audit firm must judgmentally select at least 3 monthly credit card (including fuel card) statements in total (from different cards/accounts, if the district has more than 1 card/account) and scan the statements for unusual or inappropriate purchases, or purchases not made within the District's policies and procedures. Then judgmentally select at least 5 individual transactions in total to review from the statements selected above, in addition to any unusual or inappropriate purchases noted on the statement selected.

20. Based on a scan of the statements and a review of the judgmentally selected credit card transactions, were credit card purchases only for expenditures requiring immediate payment, for authorized school purposes, within the dollar limits set by the Governing Board, and supported by appropriate receipts that clearly identify the employee making the purchase? (**Note:** If the answer is “No”, the “Comments” should clearly indicate which of the above requirements were not complied with.)

Yes

21. If the District used purchasing cards (p-cards), were policies and procedures in place to monitor transactions and identify misuse (including ensuring transactions were for authorized school purposes, within dollar limits set by the Governing Board, and limited to applicable vendors)?

N/A

The District does not utilize P-cards

For question 22, the audit firm must judgmentally select at least 3 monthly p-card (including fuel card) statements (from different cards/accounts, if the District has more than 1 card/account) and scan the statements for unusual or inappropriate purchases, or purchases not made within the District’s policies and procedures. Then judgmentally select at least 5 individual transactions in total to review from the statements selected above, in addition to any unusual or inappropriate purchases noted on the statements selected.

22. Based on a scan of the statements and a review of the judgmentally selected p-card transactions, were p-card expenditures only for authorized school purposes, within dollar limits set by the Governing Board, limited to applicable vendors, and supported by appropriate receipts that clearly identify the employee making the purchase? (**Note:** If the answer is No, the "Comments" column should clearly indicate which of the above requirements were not complied with.)

N/A

The District does not utilize P-cards

23. Were credit card and p-card statements paid timely to avoid finance charges and late fees?

No

Comment #11

24. Were warrants compared to the applicable voucher and warrant register before distribution?

Yes

25. Were vouchers and supporting documentation, including invoices, stamped “paid” or otherwise marked to help prevent duplicate payments?

No

Comment #10

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
26. Did the District prepare, for all levy funds, a list of liabilities by fund and program for goods or services received but not paid for by June 30 and file an Advice of Encumbrance based on the list with the CSS by July 18?	Yes	
27. Was the amount encumbered on the Advice of Encumbrance for each levy fund equal to or less than the fund's unexpended budget balance?	Yes	
28. Did the District expend extracurricular activities fees tax credit monies only for activities that qualify as eligible activities under A.R.S. §43-1089.01 and 15-342(24) [i.e., is the activity <u>school sponsored</u> , for <u>enrolled students</u> , <u>educational</u> , <u>optional</u> , and <u>noncredit</u> and does the school <u>charge a fee</u> for the activity.]	Yes	
29. If the District used building renewal monies for routine preventative maintenance,	N/A	No building renewal for maintenance
a. Did the expenditures meet the definition of "routine preventative maintenance" as defined in A.R.S. §15-2031?	N/A	
b. Did the District limit spending out of the Building Renewal Fund for routine preventative maintenance to 8 percent of the building renewal amount calculated in A.R.S. §15-2031?	N/A	
c. Did the District use the monies to supplement and not supplant expenditures from other funds for the maintenance of school buildings?	N/A	
30. If the School Facilities Board found the District's facilities were inadequately maintained pursuant to the District's routine preventative maintenance guidelines, did the District use Building Renewal monies pursuant to A.R.S. §15-2031 to return the facilities to compliance with the guidelines?	N/A	No SFB deficiencies
31. Did the District deposit monies received from a Joint Technological Education District (JTED) into a separate fund and expend the monies from that fund only for vocational education?	Yes	
32. Did the District use monies received from a JTED to supplement, rather than supplant, its base year vocational education spending (see USFR Memorandum No. 219 for guidance on determining JTED supplanting)?	Yes	
<u>CLASSROOM SITE FUND</u>		
1. Did the District properly allocate total Classroom Site Fund (CSF) revenues among the following funds: 011—Base Salary (20%), 012—Performance Pay (40%), and 013—Other (40%), as required by A.R.S. §15-977?	Yes	
2. For Fund 011, were expenditures only for teacher base salary increases, employment-related expenses, and registered warrant expense?	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
3.For Fund 012, were expenditures only for performance-based teacher compensation increases, employment-related expenses, and registered warrant expense, in accordance with the performance pay plan adopted by the Governing Board as required by A.R.S. §15-977?	Yes	
4.For Fund 013, were expenditures only for class size reduction, teacher compensation increases, AIMS intervention programs, teacher development, dropout prevention programs, teacher liability insurance premiums, and registered warrant expense?	Yes	
5.For Fund 013, were monies spent for class size reduction, AIMS intervention, and dropout prevention programs used only for instructional purposes as defined under the instruction function in the USFR Chart of Accounts and not used for school sponsored athletics?	Yes	
6.Did the District record CSF revenues and expenditures in the separate CSFs (011–013) throughout the fiscal year, as monies were received and expended, rather than at year end?	Yes	
7.Did the District use CSF monies to supplement, rather than supplant, existing funding from all other sources (see USFR Memorandum No. 194 for guidance on CSFs)?	Yes	
8.If the District coded expenditures to any of the individual CSFs (011–013) that caused the District to exceed the CSF budget limit or the appropriate percentage allocation for the individual funds, did the District reclassify the expenditures to the M&O or other Special Revenue Funds?	N/A	CSF's budgets not exceeded
9.If the District had a budget balance remaining at year-end in any of the three CSFs (011–013), were balances carried forward in the same funds to ensure that the restrictions placed on the original allocation of revenues is applied in future years?	Yes	

PAYROLL

1.Were payroll processing responsibilities (payroll preparation, payroll authorization, and warrant distribution) adequately separated among employees? If this was not possible due to the District’s limited staff size, were adequate review procedures in place?	Yes	
2.Were written personnel and payroll policies and procedures established by the Governing Board and available to employees?	Yes	
3.Did the District establish a delayed payroll system so that employees were paid only the amount actually earned?	Yes	
4.Did the District have adequate controls in place, in addition to a delayed payroll system, to ensure that the annual compensation of employees receiving prorated wage payments (for both continuing employees and employees that terminated employment during the year) was equal to the amount actually earned?	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
5. Were adjustments to the annual compensation of hourly employees who were receiving prorated wage payments based on the employee's official hourly rate of pay that was used to calculate the original annual compensation amount?	N/A	Hourly employees only paid for time worked
6. Did individual personnel files include appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4?	No	Comment #12
7. Was state retirement withheld from the salaries of all participating employees who worked at least 20 weeks in the fiscal year and at least 20 hours a week, as defined in A.R.S. §38-711?	No	Comment #13
8. Did the District maintain a system to account for the accrual and use of vacation, sick leave, and compensatory time for all employees on an ongoing basis?	Yes	
9. Did the District's policies governing leave time include prescribed accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon termination of employment?	Yes	
10. Were individual time sheets, or equivalent, prepared for each hourly employee (for each pay period), signed by the employee, and approved by the employee's supervisor?	Yes	
11. Was all overtime pay paid no later than 16 days after the end of the most recent pay period, in accordance with A.R.S. §23-351(C)(3)?	Yes	
12. Were payroll registers supported by properly authorized notifications of employment, terminations, pay rate changes, withholding and voluntary deduction authorization forms, and work attendance records?	Yes	
13. Were completed payroll registers or prepayroll registers reviewed and approved by the business manager or other responsible employee?	Yes	
14. Were payroll warrants compared to the payroll register on a test basis prior to distribution to employees?	Yes	

TRAVEL

1. Did the Governing Board prescribe policies and procedures for reimbursing lodging and per diem expenditures incurred for District purposes, and were the amounts (exclusive of taxes) within the maximums established by the Director of ADOA (see the latest USFR Memorandum regarding travel expenditures)?	Yes	
2. Did the District reimburse mileage at the standard rate established by ADOA?	Yes	
3. Were all meal reimbursements for travel with no overnight stay or no substantial sleep/rest reported as a taxable employee benefit (see the latest USFR Memorandum regarding travel expenditures)?	N/A	
4. Although not allowed by statute, if amounts exceeded the limits set by ADOA, did the District include amounts in excess of the Internal Revenue Service limits authorized in IRS Publication 1542 in employees' income on Form W-2?	N/A	Limits not exceeded

USFR COMPLIANCE QUESTIONNAIRE

	<u>YES/NO</u>	<u>COMMENTS</u>
<u>FINANCIAL REPORTING</u>		
1. Was the annual financial report (AFR), and the AFR summary (if one was prepared), sent to the CSS and the Superintendent of Public Instruction by October 15? A.R.S. §15-904(A)	Yes	
2. Was the AFR or the AFR summary published, mailed, or transmitted electronically to ADE on or before November 15? If published, was publication in a newspaper of general circulation within the District or in the County's official newspaper? If mailed, was a copy mailed to each household in the District? If transmitted electronically to ADE, was a link provided on the District's Web site to ADE's Web site that contained the AFR?	Yes	
3. Was the publisher's affidavit of publication filed within 30 days of publication or was a screen shot of the web link emailed to the Superintendent of Public Instruction by November 15?	Yes	
4. Was the AFR signed by a majority of Governing Board members, and did the President of the Governing Board complete and sign the certification on the AFR summary (if one was prepared)?	Yes	
5. Did budgeted expenditures as reported on the AFR agree with the District's most recently revised, adopted expenditure budget?	Yes	
6. Did actual revenues and expenditures as reported on the AFR agree with the District's accounting records?	Yes	
7. Was all required information included in the AFR?	Yes	
8. Was adequate documentation retained to support amounts reported on the AFR and in the financial statements?	Yes	
<u>INFORMATION TECHNOLOGY</u>		
1. Was adequate separation of responsibilities maintained for the authorization, programming, and operation of the IT system? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	No	Comment #14
2. Were IT system software and hardware physically safeguarded from improper access, theft, and environmental hazards, and did backup procedures ensure uninterrupted operations and minimal loss of data?	Yes	
3. Was data properly authorized and approved prior to processing, and was the processing of data periodically reviewed by a designated employee to ensure the completeness and accuracy of processed data?	Yes	
4. Did the IT system generate error reports for data submitted for processing, and were these reports reviewed and the necessary corrections submitted for approval?	N/A	
5. Was there written documentation of IT policies and procedures for programming, operating, and modifying the system, and was such documentation available to the appropriate personnel?	No	Comment #15

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
6. Were system permission controls used to restrict access to programs and data files through the use of user names and passwords and were passwords required to be updated periodically?	No	Comment #16
7. Were output control totals or processing control totals used to control processing activities?	Yes	
8. Did an audit trail enable tracing of electronic transactions from inception to final disposition?	Yes	
9. Were application and general controls adequate to safeguard the integrity of financial data?	Yes	

COOPERATIVE AGREEMENTS AND REGIONAL SERVICES

1. Did the District have a fully executed copy of each intergovernmental agreement (IGA) on file?	Yes	
2. If the District was the fiscal agent, were the IGA monies maintained in the appropriate fund at the County Treasurer, and was a monthly financial report of receipts and disbursements provided to participants?	N/A	Not a fiscal agent

STUDENT ATTENDANCE REPORTING

If test work performed in questions 3–17, and 20 of this section discloses a net overstatement or understatement of membership and/or absence days, report the net overstatement or understatement in the “Comments” column next to each applicable question.

1. Was school in session for at least 180 days or 144 days for districts operating on a 4-day week, or did the governing board adopt a calendar with an equivalent number of minutes of instruction per school year based on a different number of days of instruction and were membership and attendance recorded electronically for each day school was in session? A.R.S. §§15-902(H), (I) and (J), and 15-341.01	Yes	
2. Did the District ensure that [A.R.S. §15-901(A)(2)]: (Note: Instructional hours do not include periods of the day in which an instructional program or course of study is not being offered, including, but not limited to lunch, recesses, home room periods, study hall periods, and early release or late start hours. ADE’s <i>School Finance Procedures Manual</i>)		
a. Preschool children with disabilities were enrolled in a program that met at least 360 minutes a week?	Yes	
b. Kindergarten was in session for at least 356 hours?	Yes	
c. Grades 1 through 3 were in session for at least 712 hours?	Yes	
d. Grades 4 through 6 were in session for at least 890 hours?	Yes	
e. Grades 7 and 8 were in session for at least 1,068 hours for FY 2010 (1,000 hours for FY 2011 and thereafter)?	Yes	
f. For high school, a full-time instructional program meets at least 720 hours during the minimum number of days required?	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
g. For high school, a full-time instructional program includes at least four subjects, each of which if taught each school day for the minimum number of days required in a school year, would meet a minimum of 123 hours a year; or any number of subjects totaling at least 20 hours per week, prorated for any week with fewer than 5 school days?	Yes	

For Student Attendance Reporting questions 3–17, the audit firm must select and test the specified number of transactions (records, entries, withdrawals, or days) as shown in the sample size instructions before each section. Those samples should include 3 or more grade levels and 3 or more schools, where applicable. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed. All student attendance records tested in steps 3-12 and 17 should be selected from the 100th day reporting period.

In the parentheses provided in questions 3–17, write the actual number of transactions tested. If all transactions were tested, indicate such in the “Comments” column.

For questions 3–5, select at least 3 student attendance records.

3.If the District had an early (pre-) kindergarten program, based upon review of 3 early (pre-) kindergarten students’ attendance records, does the District only calculate and submit ADM for this program for students with disabilities, in accordance with ADE’s <i>School Finance Procedures Manual</i> ? A.R.S. §15-901(A)(2)(a)(i), and USFR Memorandum No. 175	Yes	
4.Based upon review of 3 students’ attendance records in kindergarten programs with instructional time between 356 and 692 hours a year, were students not in attendance for at least three-quarters of the day counted as being absent? If the instructional time for the year was 692 hours or more, were students not in attendance at least one-half of the day counted as being absent? A.R.S. §§15-901(A)(2)(a)(i) and 15-901(A)(6)(a)(i)	Yes	
5.If the District had an early first grade program, based upon review of 0 early first grade students’ attendance records, did the District calculate and submit ADM for this program as it would for kindergarten in accordance with ADE’s <i>School Finance Procedures Manual</i> ? A.R.S §15-901(A)(2)(b)(i) and USFR Memorandum No. 175	N/A	District does not offer early first grade

For questions 6 and 7, use the following sample sizes:

District ADM	Student Attendance Records
<1,000	5
1,000-5,000	10
>5,000	15

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
6. Based upon review of 0 students' attendance records at elementary and junior high schools in which attendance was based on half days, were students in attendance for less than one-half the day counted as being absent for one full day? Were students in attendance for at least one-half day, but less than three-quarters of a day, counted as being absent for one-half day? Were students in attendance for at least three-quarters of a day counted in attendance for a day? A.R.S. §15-901(A)(6)(b)(ii)	N/A	Attendance based on quarter-days
7. Based upon review of 10 students' attendance records at elementary and junior high schools where attendance was based on quarter days, were students in attendance for more than three-quarters of the day counted in attendance for a day? Were students in attendance for three-quarters of the day or less counted in attendance for each quarter of the day in attendance? A.R.S. §15-901(A)(6)(b)(i)	No	Absences overstated 0.5 days Comment #17
For questions 8–14, use the following sample sizes:		
District ADM	Student Attendance Records	
<1,000	3	
1,000-5,000	5	
>5,000	7	
8. Based upon review of 5 high school students' attendance records whose attendance was reported in terms of absences, for all absence days reported in a <u>1</u> month period, did the District report absences in accordance with the method(s) provided in ADE's <i>School Finance Procedures Manual</i> ?	Yes	
9. For schools approved to report minutes of attendance, based upon review of the attendance records for a <u>1</u> month period for 0 students whose attendance was reported in minutes, did the District report minutes of attendance only for actual classroom instruction attended by the students in accordance with ADE's <i>School Finance Procedures Manual</i> ?	N/A	District reports in terms of absences
10. Based upon review of 0 high school students' attendance records, did the District prorate the membership of the students enrolled in less than four subjects or the equivalent as provided in ADE's <i>School Finance Procedures Manual</i> ?	N/A	All students are enrolled in four subjects
11. For students enrolled in a program provided by a JTED in a facility owned or operated by a school district in which the student is enrolled:		
a. For school districts—Based on a review of 5 students' attendance records, did the District report the actual enrollment and attendance data for only the District classes the student was enrolled in at that school (excluding JTED program classes) under the District's CTDS number?	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
b. For school districts—Based on the review of 5 students’ attendance records for all absence days reported in a <u>1</u> month period, did the District calculate absences in accordance with the chart and scenarios provided in ADE’s School Finance Procedures Manual based on the number of District classes the student was enrolled in and attended (excluding JTED program classes)?	Yes	
c. For JTED satellite classes—Based on a review of 0 students’ attendance records, did the JTED report actual enrollment and attendance data for only the JTED program classes the student was enrolled in at that satellite location (excluding school district classes)? (Note: ADE’s system calculates the allocation of membership ensuring that the total membership claimed for the school district and the JTED satellite locations did not exceed 1.25.)	N/A	Not a JTED
12. Based on a review of 0 students’ attendance records for students enrolled in a course that meets for at least 150 minutes per class period, at a centralized campus owned and operated by a JTED, did the District report average daily membership for those students at 0.75? A.R.S. §15-393(O)	N/A	Not a JTED
13. For school districts offering an Arizona Online Instruction (AOI) Program, based upon review of 0 AOI students’ attendance records for 4 weeks:	N/A	District does not offer AOI
a. Was the guardian-approved or District computer-generated daily log describing the amount of time spent by the student on academic tasks maintained by the participating AOI school?	N/A	
b. Did the hours reported to ADE agree to the guardian-approved or District computer-generated daily log?	N/A	
c. For school districts offering an AOI Program, based upon review of 0 AOI students’ attendance records, were all pupils who participated in an AOI Program residents of this state? A.R.S. §15-808(B)	N/A	
14. Based upon review of 5 students’ attendance records (all grades) for students withdrawn for having ten consecutive unexcused absences, was the student only counted in membership through the last day of actual attendance? A.R.S. §15-901(A)(2)	Yes	

For questions 15 and 16, use the following sample sizes:

District ADM	Entries/Withdrawals
<1,000	5
1,000-5,000	10
>5,000	15

15. Based on review of 10 entries (Note: Enrollment forms are not required for continuing students at the same school.):		
a. Were entry dates entered into the District’s computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry?	Yes	

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
b. Did the entry date in the computerized attendance system agree to the entry form?	Yes	
c. Did the teachers' attendance registers, if used, and other documentation support the entry date in the computerized attendance system?	N/A	Attendance is fully computerized
d. Did membership for continuing/pre-enrolled students, begin with either the first day of actual attendance or the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school? For all other students, did membership begin on the first day of actual attendance? ADE's <i>School Finance Procedures Manual</i>	Yes	
16. Based upon review of 10 withdrawals:		
a. Were the withdrawal dates entered into the District's computerized attendance system within 5 working days after the actual day of withdrawal and was documentation maintained to support the date of data entry? (Note: "Day of withdrawal" means: a. the later of the student's withdrawal date or the day the District was notified the student will not be returning; or b. the 10th day of non-attendance for students withdrawn for having ten consecutive unexcused absences.)	No	Comment #18
b. Did the withdrawal date in the attendance system agree to the withdrawal form? (Note: If the computerized attendance system requires the District to input the first day of non-attendance for a student to be counted in membership through the last day of actual attendance, the withdrawal date on the system should be the school day following the withdrawal date on the form.)	No	Comment #19
c. Did the teachers' attendance registers, if used, and other supporting documentation support the withdrawal date in the computerized attendance system?	N/A	Attendance is fully computerized
d. Was an Official Notice of Pupil Withdrawal form prepared and retained for each District withdrawal and signed by a District administrator? A.R.S. §15-827	Yes	
For question 17, use the following sample sizes:		
District ADM	Days	
<1,000	3	
1,000-5,000	5	
>5,000	7	
17. Based upon review of 0 days for various schools, grades, and classes in the computerized attendance system, did the student absences from each day agree to the teachers' attendance registers, absence slips, or other supporting documentation, if used?		
	N/A	Attendance is fully computerized

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
18. Did the District have adequate electronic or manual controls in place to ensure that any changes to the original record of student attendance data were properly authorized and documented, including the names or identification numbers of the persons making and authorizing the changes?	Yes	
19. Was the District's membership/absence information submitted to ADE electronically at least once every 20 school days through the last day of instruction (With the first 20 day period beginning on the first day of school or the opening of SAIS for current fiscal year data submission, whichever is later)? A.R.S. §15-1042(H)	Yes	
20. Based upon review of the District's 40th and 100th day information uploaded to ADE, did the membership and absences agree to the District's computerized attendance system records? (Note: For an AOI Program, review year-end attendance information.)	Yes	
21. Did student counts reported on the Budget Work Sheets agree with the student counts on ADE's Recalculated State Aid ADM Counts Report (ADMS 46-1)?	Yes	

TRANSPORTATION SUPPORT

If test work performed in questions 2 and 3 of this section discloses a net under/overstatement of eligible students, and/or overstatement of route miles or bus token and pass expenditures, report the net amount of the under/overstatement in the "Comments" column next to each applicable question.

1. Did the District retain documentation to support the amounts entered on the Transportation Route Report submitted to ADE?	Yes	
2. Did the students reported as eligible students on the Transportation Route Report meet the definition in A.R.S. §15-901(A)(9)?	Yes	
3. Did the approved daily route miles, number of eligible students transported, annual expenditure for bus tokens and passes, and the handicapped extended school year route miles reported on Budget Work Sheet D agree with the ADE Transportation Route Report (TRAN 55-1)?	Yes	

RECORDS MANAGEMENT

1. Did the District retain and dispose of records in accordance with the <i>Records Retention and Disposition for Arizona School District</i> manual published by the Arizona State Library, Archives and Public Records, Records Management Division? (www.azlibrary.gov/records/school.cfm)	Yes	
2. Did the District have policies and procedures to address the maintenance and disposition of confidential records, such as, student information and social security numbers?	Yes	

FOOD SERVICE FUND

1. Was cash adequately safeguarded?	Yes	
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USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
2. Was all cash received in the operation of the District's food service program deposited either in the Food Service Fund clearing bank account or directly with the County Treasurer daily, if practicable, or at least weekly?	Yes	
3. If a Food Service Fund revolving bank account was used, was the amount of the revolving fund limited to \$500, was the account used only for statutorily prescribed purposes, and were checks signed by two bonded employees appointed by the Governing Board?	Yes	
4. Were meal cards or tickets prenumbered, numerically controlled, and adequately safeguarded prior to issuance?	N/A	Students have ID # entered
5. If a computerized system was used for meal cards, were proper controls in place?	N/A	No meal cards used
6. Were daily reports prepared that document a reconciliation of meal sales to cash collections, and were cash overages and shortages resolved?	Yes	
7. Were checks drawn on the Food Service Fund clearing account made payable only to the County Treasurer?	Yes	
8. Did the actual expenditures as reported in the M&O Fund 001 and Capital Projects Funds 610 & 625 columns on the Food Service page of the AFR agree with the District's accounting records?	Yes	
9. Were expenditures reported in the M&O Fund 001 and Capital Projects Funds 610 & 625 columns on the Food Service page of the AFR classified in accordance with the USFR Chart of Accounts?	Yes	

AUXILIARY OPERATIONS FUND

1. Did the Auxiliary Operations Fund include all monies raised in connection with the activities of school bookstores and athletics?	Yes	
2. Did the District use an auxiliary operations ticket log to control the issuance of tickets for athletic events?	Yes	
3. Were receipt forms and tickets prenumbered and numerically controlled?	Yes	
4. Did the District prepare daily sales summaries of bookstore operations and athletic ticket sales that provided a reconciliation between recorded sales and actual cash collected?	Yes	
5. Were cash receipts deposited intact daily, if material, or at least weekly?	No	Comment #20
6. Were bank reconciliations prepared monthly by an employee not involved with cash-handling and recordkeeping? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	Yes	
7. Were checks signed by two employees designated by the Governing Board?	Yes	
8. Were Auxiliary Operations Fund revolving bank accounts and petty cash funds established from the Auxiliary Operations Fund in amounts approved by the Governing Board, and operated on an imprest basis?	N/A	No auxiliary revolving account or petty cash funds

USFR COMPLIANCE QUESTIONNAIRE

	<u>YES/NO</u>	<u>COMMENTS</u>
<u>STUDENT ACTIVITIES FUND</u>		
1. Did the Governing Board appoint a student activities treasurer and, if applicable, assistant student activities treasurers?	Yes	
2. Did the Student Activities Fund include only monies of student clubs, organizations, school plays, or other student entertainment that were raised through the efforts of students with the approval of the Governing Board? (Note: Raffles, bingo, and other forms of gambling are not legal events for student clubs.)	Yes	
3. Were all Student Activities Fund monies deposited in a bank account designated as the Student Activities Fund bank account?	Yes	
4. Were monies deposited daily, if material, or at least weekly?	No	Comment #21
5. Were reports prepared that reconciled sales to cash collected at student activities' events? (When applicable, sales should be documented using tickets, prenumbered cash receipts, a cash register, or count of items on hand before and after a sale.)	Yes	
6. Were bank reconciliations prepared monthly by an employee not involved with cash-handling and recordkeeping? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	Yes	
7. Was cash available in the student club accounts verified before disbursements were made?	Yes	No overdrafts noted
8. Were disbursements from the Student Activities Fund bank account properly authorized by or on behalf of the student members of a particular club and documented in the club minutes?	Yes	
9. Were checks drawn on the Student Activities Fund bank account signed by the student activities treasurer or assistant treasurer and one other person authorized by the Governing Board? A.R.S. §15-1122	Yes	
10. Were intrafund transfers (transfers of monies among student clubs) properly authorized?	N/A	No intrafund transfers
11. Was a Report of Cash Receipts, Disbursements, Transfers, and Cash Balances of the Student Activities Fund submitted to the Governing Board monthly?	Yes	
<u>GENERAL LONG-TERM DEBT</u>		
1. Was class B bonded indebtedness for a nonunified district less than the greater of \$1,500 per student count or 5 percent of the assessed valuation of taxable property used for secondary property tax purposes within the District? A.R.S. §15-1021(B)	N/A	Unified school district
2. Was class B bonded indebtedness for a unified district less than the greater of \$1,500 per student count or 10 percent of the assessed valuation of taxable property used for secondary property tax purposes within the District? A.R.S. §15-1021(D)	N/A	Issued only impact aid revenue bonds, project 2001, Series A (2004)

USFR COMPLIANCE QUESTIONNAIRE

	YES/NO	COMMENTS
3. Was total bonded indebtedness for a nonunified district 15 percent or less, or for a unified district 30 percent or less of the assessed valuation of taxable property used for secondary property tax purposes within the District? A.R.S. §15-1021 (B) and (D)	N/A	Unified school district
4. Did the District refrain from expending bond proceeds for items having useful lives less than the average useful life of the bonds issued or 5 years? A.R.S. §15-1021(F)	N/A	All bond proceed have been spent in prior years
5. If the District had outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, did the Governing Board transfer the balance to the Debt Service Fund? A.R.S. §15-1024(B)	N/A	No balance in bond building fund
6. If the District had no outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, did the Governing Board transfer the balance to the General Fund? A.R.S. §15-1024(B)	N/A	District has bonds outstanding
7. Were all monies earned as interest or otherwise derived from the investment of the proceeds of the sale of bonds credited to the Debt Service Fund? If not, was the interest earned credited to the Bond Building Fund as authorized by the voters or, effective for FY 2011 and thereafter, if federal laws or rules require the interest to be used for capital expenditures? A.R.S. §15-1024(C)	N/A	All bond proceeds spent in prior years

GOVERNING BOARD PROCEDURES

1. Were written minutes prepared or a recording made of Governing Board meetings? A.R.S. §38-431.01(B)	Yes	
2. Did the District maintain a conflict of interest file for employees and Governing Board members if a conflict existed? A.R.S. §38-509	N/A	No conflicts noted
3. If any purchases were made from vendors identified on documents in the conflict of interest file, did the individual with the conflict refrain from voting upon or otherwise participating in any manner in such purchase?	N/A	No conflicts noted
4. Did the District's management appropriately resolve all allegations of theft, fraud, or misuse of District monies and assets in a timely manner? (Note: If the answer is other than "N/A", the "Comments" column should include a summary of the allegation and action taken by District management.)?	N/A	No allegations

This questionnaire was completed in accordance with the minimum audit standards of the Office of the Auditor General as set forth in the instructions on page 1.

William Dobridge, CPA PC
AUDIT FIRM

March 12, 2012
Date

William Dobridge, CPA
Preparer (AUDIT FIRM) Representative)

Executive Director
Title

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Tuba City Unified School District No.15
USFR Compliance Questionnaire
Comments
June 30, 2011

BUDGETING

1. The District did not post on ADE's website a copy of the proposed expenditure budget and the notice of the public hearing and board meeting no later than 10 days before the meeting to consider the budget. The District published the proposed budget and meeting notification on July 1, 2010, one day after the Budget meeting that was held on June 30, 2010. *See Budgeting question #2.*

ACCOUNTING RECORDS

2. A refund of \$520 for a conference was recorded as miscellaneous revenue in M&O fund. The USFR provides that current year refunds should be applied as a credit against expenditures. *See Accounting Records question #4.*
3. 1 out of 25 expenditures was not properly coded per the USFR Chart of Accounts. Curriculum software was recorded to Function 2580-Administrative Technology and Object 6430-Repairs and Maintenance of Services. We recommend that curriculum software be recorded to Function 1000-Instruction and Object 6642-Textbooks. *See Accounting Records question #4.*

CASH

4. 2 of 5 deposits made to the miscellaneous clearing account were not deposited at least weekly. They were deposited ranging 9 to 17 days after initially collected. *See Cash question #7.*
5. 5 of 20 deposits were not made at least weekly to the County Treasurer. The deposits were made ranging from 85 to 40 days after initial collection. *See Cash question #7 and Revenues question #4.*

SUPPLIES INVENTORY

6. Written instructions were not developed, distributed, and reviewed with all personnel participating in the physical inventory. The District's supplies inventory totaled \$62,345 as of June 30, 2011 and is counted by one employee. *See Supplies Inventory question #5.*

REVENUES

7. For 20 deposits made to the County, we noted that a validated deposit slip was not received and maintained by the District. *See Revenues question #'s 6 & 7.*

Tuba City Unified School District No.15
USFR Compliance Questionnaire
Comments
June 30, 2011

EXPENDITURES

8. Fund 525-Auxiliary Operations had a negative cash balance of \$(13,523) with the County Treasurer as of June 30, 2011. We noted that the District maintained a cash balance of \$23,484 in the auxiliary operations bank account as of June 30, 2011. *See Expenditures question #3.*
9. Purchases costing between \$5,000 and \$25,000 require oral quotes unless otherwise exempt. We were not provided documentation that oral quotes were obtained for 2 of 10 purchases reviewed that required oral quotes. *See Expenditures question #10.*
10. We noted that the District received two refunds due to accounts payable processing errors. A refund of \$16,425.27 was received due to a duplicate payment and a refund of \$48,041.22 was received due to payment made to wrong vendor. *See Expenditures questions #18 and 25.*
11. District had late fees totaling \$1,775.29 over 48 credit card statements. The late fees ranged from \$29.00 to \$477.55 per incident. *See Expenditures question #23.*

PAYROLL

12. Individual personnel files did not include appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4. We reviewed the personnel files for 40 employees. We noted 5 of 40 personnel files did not contain documentation of fingerprint clearance cards. *See Payroll question #6.*
13. A.R.S. §38-711 (23)(b) provides that a member of the Arizona Retirement System is defined as employees of the District who are engaged to work at least twenty weeks in each fiscal year and at least twenty hours each week. Our review of nine employees that did not have retirement contributions withheld from their salary disclosed six employees, employed as substitute teachers, worked at least twenty hours for twenty weeks. We recommend that the District monitor the hours worked for part-time employees to ensure that all eligible employees are given the opportunity to participate in the Arizona Retirement System. *See Payroll question #7.*

Tuba City Unified School District No.15
USFR Compliance Questionnaire
Comments
June 30, 2011

INFORMATION TECHNOLOGY (IT)

14. We noted that the District has 3 "super users" with access to all aspects of the financial management software. we recommend that the District review the access for the 3 employees and consider restricting access so that no one employee has the ability to authorize, process and record payments. *See Information Technology question #1 and Accounting Records question #1.*
15. The District does not have written documentation of IT policies and procedures for programming, operating, and modifying the system. We noted that they do have written code of conduct and acceptable Internet use policy that all employees must sign. *See Information Technology question #5.*
16. The District does not require passwords to be updated periodically. *See Information Technology question #6.*

STUDENT ATTENDANCE REPORTING

17. Two out of 10 students were not calculated correctly for partial day attendance. They were marked as being absent for 0.5 day, and should have been recorded as being absent 0.25 of the day, resulting in an overstatement of absences of 0.5 days. *See Student Attendance Reporting question #7.*
18. Three of 10 withdrawal forms reviewed were not entered into the District's computerized system within five working days. The forms were entered ranging from 8 to 14 days after the student's withdrawal. *See Student Attendance Reporting question #16.a.*
19. Two of 10 withdrawal forms reviewed did not agree to the computerized records. The dates in the computerized records ranged from 15 to 17 days after the withdrawal forms. *See Student Attendance Reporting question #16.b.*

AUXILIARY OPERATIONS FUND

20. 2 out of 10 deposits to the auxiliary operations bank account were not made at least weekly. They were made ranging from 21 to 32 days after initial collection. *See Auxiliary Operations question #5, Cash question #7 and Revenue question #4.*

STUDENT ACTIVITIES FUND

21. 3 out of 10 deposits to the student activities bank account were not deposited at least weekly. The deposits were made ranging from 10 to 11 days after initial collection. *See Student Activities question #4 and Cash question #7.*

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