VALLEY ACADEMY FOR CAREER & TECHNOLOGY EDUCATION

UNIFORM SYSTEM OF FINANCIAL RECORDS

COMPLIANCE QUESTIONNAIRE

FOR YEAR ENDED JUNE 30, 2014

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Uniform System of Financial Records

Compliance Questionnaire

For Fiscal Year Ended June 30, 2014[1]

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[1] This questionnaire must be used for fiscal year (FY) 2014 audits and thereafter.

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 18 and Student Attendance Reporting questions 3 through 20.

The USFR Compliance Questionnaire must be completed in accordance with the requirements prescribed below by the Office of the Auditor General. Audits not meeting these requirements may be rejected.

- 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. Also, additional instructions in the Expenditures and Student Attendance Reporting sections prescribe minimum sample sizes that must be used for specific questions.
- 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.
- For Governing Board/Management Procedures question 4, the audit firm should confirm management's appropriate action to resolve all allegations of theft, fraud, or misuse of district monies or assets by either examining copies of the incident reports or communicating with the agency involved in investigating the allegation.
    - If the audit firm determines that district management was aware of allegations but did not appropriately resolve them in a timely manner (e.g., no action was taken, actions were not documented, actions were delayed, inadequate, or inappropriate to the circumstances), the audit firm should answer the question "No." This includes instances where an external investigation is underway for allegations, but district management did not request the investigation, was not fully cooperating with the investigators, or was not otherwise attempting to resolve the allegations.
    - If the audit firm determines that district management was not aware of any allegations (based on inquiry, review of Governing Board minutes, search of local media coverage, and results of audit test work), the question should be answered "N/A."
    - If the audit firm finds evidence of theft, fraud, or misuse of district assets but does not find evidence that district management was aware of the possible theft, fraud, or misuse, the audit firm should appropriately investigate and report the theft, fraud, or misuse to the Office of the Auditor General, but this question would be answered "N/A."
- 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.
- Cash and Revenues questions apply to all of the District's cash and revenue, including food service, auxiliary operations, extracurricular activities fees tax credit, and student activities receipts and bank accounts, as applicable. Comments for "No" answers to these questions should indicate the type of receipt or bank account to which the deficiency applies.
- The questions in this compliance questionnaire do not address all requirements of the USFR. If the audit firm is aware of noncompliance with a requirement of the USFR, including the School District Procurement Rules and ADE's membership and attendance guidelines, that are not addressed in this questionnaire, the audit firm should include the compliance findings in its reports issued in accordance with *Governmental Auditing Standards* and Office of Management and Budget Circular A-133, if applicable, or an attachment to this questionnaire. Findings in the attachment should include the same level of detail required for "No" and "N/A" answers as discussed above.

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.

	YES/NO	COMMENTS
ACCOUNTING RECORDS		
1. Were responsibilities separated so that one individual did not have complete authority over an entire financial transaction or process, or if this was not possible due to the District's limited staff size, were adequate review procedures in place to compensate for employees performing incompatible functions?	YES	
2. Was accounting information traceable from source documents to the financial statements?	YES	
3. Were accounting records maintained in accordance with the USFR Chart of Accounts?	YES	
4. Were journal entries supported by documentation, approved by someone other than the preparer, and sequentially numbered?	YES	
5. If transfers were made, were they limited to those authorized by A.R.S. or the USFR? (See USFR §III-F Chart of Accounts for a complete list of authorized transfers.)	YES	
6. If the District was on-line with the CSS, did the District periodically review and document its review of transactions initiated by the CSS for propriety?	N/A	No on-line with the CSS
7. If the District was <u>not</u> on-line with the CSS:		
a. Did the District properly reconcile its records of cash balances by fund monthly with the CSS, and was the reconciliation properly supported?	YES	
b. 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	
8. 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	
9. Were any differences that resulted from reconciliations with the CSS or County Treasurer's records researched and resolved in a timely manner?	YES	
CASH AND REVENUES		
1. Were only the following authorized bank accounts maintained:		
a. M&O Fund revolving bank account? A.R.S. §15-1101	YES	
b. Miscellaneous receipts clearing bank account(s)? A.R.S. §15-341(A)(20)	YES	
c. Food Service Fund clearing bank account(s)? A.G. Opinion I60-35	N/A	Has no such account
d. Food Service Fund revolving bank account? A.R.S. §15-1154	N/A	Has no such account
e. Auxiliary Operations Fund bank account? A.R.S. §15-1126	N/A	Has no such account
f. Auxiliary Operations Fund revolving bank account(s)? A.R.S. §15-1126	N/A	Has no such account
g. Student Activities Fund bank account(s)? A.R.S. §15-1122	N/A	Has no such account
h. Student Activities Fund revolving bank account? A.R.S. §15-1124	N/A	Has no such account
i. Federal payroll tax withholdings bank account? USFR page VI-H-6	YES	
j. State income tax withholdings bank account? A.R.S. §15-1222	YES	

	YES/NO	COMMENTS
k. Employee insurance programs withholdings bank account(s)? A.R.S. §15-1223	N/A	Has no such account
l. Payroll direct deposits clearing bank account? A.R.S. §15-1221	YES	
m. Electronic payments clearing bank account? A.R.S. §15-1221	N/A	Has no such account
n. Grants and gifts to teachers bank account? A.R.S. §15-1224	N/A	Has no such account
o. Principals' supplies bank account(s)? A.R.S. §15-354	N/A	Has no such account

2. List the name and purpose of any unauthorized bank accounts below.

Name	Purpose

3. Were the authorized bank accounts used as prescribed by the applicable statutes and the USFR?	YES	
4. Were unauthorized and inactive bank accounts closed?	YES	
5. Were bank charges paid only from the M&O Fund revolving bank account, Food Service Fund revolving bank account, Auxiliary Operations Fund bank account, and Auxiliary Operations Fund revolving bank account(s) or, if bank charges were paid from bank accounts other than those listed, were the bank charges reimbursed from an appropriate district fund or bank account?	YES	
6. Were cash-handling and recordkeeping responsibilities, including receiving, depositing, and recording revenues, separated among employees to safeguard monies or, if adequate separation was not possible due to the District's limited staff size, were adequate management review procedures in place to compensate for employees performing incompatible functions?	YES	
7. Were all employees who handle significant amounts of cash[2], adequately bonded?	YES	
8. Was cash received supported by evidence of receipt (e.g., cash register receipt or sequentially numbered handwritten cash receipt forms)?	YES	
9. Were cash receipt summaries prepared to provide a reconciliation of the amount of cash received to issued receipts?	YES	
10. Was cash received safeguarded in a locked cash drawer, cash register, or other secure location immediately upon receipt, and was access limited to only those employees who required access?	YES	
11. Was cash received deposited intact daily, when significant, or at least weekly?	YES	
12. For all monies deposited in a district bank account, were validated deposit slips or other evidence indicating the amount and date of deposit retained and agreed to applicable bank deposit slips or other deposit transmittal supporting documentation?	YES	
13. Were all monies deposited with the County Treasurer by the District accompanied by a sequentially numbered deposit transmittal form or a treasurer's receipt?	YES	

[2] The term "cash" as used in this questionnaire includes currency on hand, such as petty cash funds and cash receipts not yet deposited; negotiable instruments, such as drafts, checks, warrants, and money orders; and balances on deposit with financial institutions, such as commercial banks and county treasurers.

	YES/NO	COMMENTS
14. Were validated treasurer's receipts or revenue posting reports for all deposits with the County Treasurer reconciled to the District's accounting records and to copies of deposit transmittals or treasurer's receipts?	YES	
15. Were cash disbursements from authorized bank accounts made with sequentially numbered checks or electronic fund transfers and was supporting documentation retained for each disbursement?	YES	
16. Were disbursements from clearing bank account(s) made only by electronic payment or check payable to the County Treasurer?	YES	
17. Were checks properly completed prior to issuance and not written payable to cash or bearer?	YES	
18. Were unused checks physically safeguarded and access to them limited to authorized personnel who were not check signers?	YES	
19. Were the signature stamps, facsimile plates, or electronic signatures used for signing checks physically safeguarded and access limited to only the employee whose signature they represent?	YES	
20. Were all bank accounts reconciled monthly by an employee not involved in handling cash or issuing checks 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 or, if this was not possible due to the District's limited staff size, were adequate review procedures in place to compensate for employees performing incompatible functions?	YES	Limited Supplies
2. Did the District properly safeguard supplies inventory from unauthorized use, theft, and damage?	YES	No material inventory is maintained.
3. Were supply requisitions properly approved and were supplies released from storerooms only with approved requisitions?	N/A	Limited Supplies
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?	N/A	A perpetual system not required
5. Were written instructions developed, distributed, and reviewed with all personnel participating in the physical inventory?	N/A	See comments above
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?	N/A	See comments above
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?	N/A	See comments above
8. Was adequate documentation maintained to support the actual cost recorded on the supplies inventory list?	N/A	See comments above
PROPERTY CONTROL		
1. Did the District prepare a capital assets list that included all land, land improvements, buildings, building improvements, and equipment with unit costs in excess of the District's adopted cost threshold for capitalization? (Capitalization threshold cannot exceed $5,000.)	YES	
2. Does the capital assets list include the following information:		
a. Location (school, department, building, room etc.)?	YES	

	YES/NO	COMMENTS
3. Did the District 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?	YES	
4. Were sequentially numbered purchase orders prepared before goods or services were ordered 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?	NO	See Comment 1
5. If the District used blanket purchase orders, did they cover a definite time period and specify an expenditure limit?	YES	
6. Were district monies that were restricted to specific purposes used only for allowable expenditures of these monies?	YES	

For Expenditures questions 7, 10, and 11, the audit firm must select and test a specified number of expenditures based on the District's ADM as shown in the table below. Each expenditure selected may include multiple transactions and vendors. All purchases of like items should be considered a single expenditure in applying the sample size. The total like-item purchases made during the year or to be made for the duration of the contract award, whichever is longer, should be used to determine the appropriate level of competitive purchasing required and, accordingly, for which question the expenditure should be tested.

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.

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

In the parentheses provided in question 7, 10, and 11, indicate the actual number of expenditures tested. If all expenditures 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.d), or qualified select bidders list (question 7.e), if applicable.

7. Based upon review of (73) expenditures (0) competitive sealed bids and (0) competitive sealed proposals for the procurement of construction, materials, and services that exceeded $50,000, ($100,000, effective for purchases after October 28, 2013) did the District follow the School District Procurement Rules (R7-2-1001 et seq)?		
a. For purchases made through competitive sealed bidding or competitive sealed proposals, did the District:		
1) Give adequate notice of the invitation for bid (IFB) or request for proposal (RFP)? R7-2-1022 or R7-2-1042(C)	N/A	None required
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	N/A	See comment above
3) Issue the IFB or RFP at least 14 days before the time and date set for bid opening or the closing date and time for receipt of proposals, as applicable, unless a shorter time was determined necessary? R7-2-1024(A) or R7-2-1042(B)	N/A	See Comment above
4) Include all required information in the IFB or RFP? R7-2-1024(B) or R7-2-1042(A)	N/A	See Comment above

	YES/NO	COMMENTS
5) Stamp sealed bids or proposals with the time and date upon receipt and store bids or proposals unopened until the time and date set for opening? R7-2-1029 or R7-2-1045	N/A	None required
6) If a multiple award was made for the IFB or RFP:		
i. Determine, with the specific reason(s) in writing, that a single award was not advantageous to the District and retain documentation that supported the basis for a multiple award?	N/A	No IFBs or RFPs issued
ii. Limit contract awards to the least number of suppliers necessary to meet the requirements of the District?	N/A	See comment above
7) For contracts where only one responsive bid or proposal was received, determine that the price submitted was fair and reasonable and that either other prospective offerors had reasonable opportunity to respond or there was not adequate time for resolicitation, and retain documentation that supported the basis for the determination? R7-2-1032 or R7-2-1045(C)	N/A	See comment above
b. For purchases made through competitive sealed bidding, did the District 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	N/A	See comment above
c. 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, and retain documentation that supported the basis for the determination?	N/A	See comment above
2) 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 and retain documentation that supported the basis for the determination? R7-2-1050	N/A	See comment above
d. 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 Laws 2010, Chapter 283?	N/A	See comment above
e. 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	No current construction
f. 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	No electronic or on-line bidding
g. For purchases made through the Simplified School Construction Procurement Program (R7-2-1033), did the District:		
1) Ensure that construction costs did not exceed $150,000?	N/A	No current year construction
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	See comment above
3) Open the bids at a public opening?	N/A	See comment above
4) Keep the bids confidential until the public opening?	N/A	See comment above

	YES/NO	COMMENTS
5) Encourage competition to the maximum extent possible?	N/A	No current year construction bids
h. 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	No current year bids obtained

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

8. Based upon review of at least 2 purchases in question 7 for which the District was the lead District in a procurement, or by selecting additional lead district procurements that total 2, 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 public procurement units in the group?	N/A	Did not act as lead District
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 (0) purchases costing at least $5,000 but less than $25,000, ($10,000 but less than $50,000 for purchases after October 28, 2013) did the District obtain and document oral price quotations from at least 3 vendors and follow the guidelines for oral price quotations prescribed by the USFR?	N/A	No purchases within limits which required quotes
11. Based upon review of (0) purchases costing at least $25,000 but less than $50,000, ($50,000 but less than $100,000 for purchases after October 28, 2013) did the District obtain written price quotations from at least 3 vendors and follow the guidelines for written price quotations prescribed by the USFR?	N/A	No purchases within limits which required quotes
12. If the District used multi-term contracts for any of the expenditures tested in questions 7, 10, or 11:		
a. Were the terms and conditions of renewal or extension, if any, included in the solicitation for bids, proposals, or quotations, and were monies available for the first fiscal year at the time of contracting? A.R.S. §15-213(K)	N/A	No current year multi-term contracts
b. For materials or services and contracts for job-order-contracting construction services that were entered into for more than 5 years, did the Governing Board determine in writing that a contract of longer duration would be advantageous to the District before the procurement solicitation was issued? A.R.S. §15-213(K)	N/A	No current year construction
13. Based upon review of **all** emergency and sole source procurements:		
a. Was the basis for each emergency procurement reasonable and did the District retain a written statement 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	N/A	No current year emergency procurements
b. Was the basis for the sole source procurement reasonable and did the District retain the Governing Board's written determination that there was only one source for required materials, service, or construction items purchased? R7-2-1053	YES	
14. Based upon review of **all** purchases from employees and Governing Board members:		

	YES/NO	COMMENTS
a. Did the District follow the School District Procurement Rules, regardless of the expenditure amount, for any purchase of goods or services from district employees?	YES	
b. Did the District follow the School District Procurement Rules, regardless of the expenditure amount, for any purchase of services from Governing Board members?	NO	See Comment 1
c. For purchases of supplies, materials, and equipment from Governing Board members, did the District follow the School District Procurement Rules if the purchase exceeded $50,000 ($100,000 threshold for purchases after October 28, 2013), or if the purchase was below the threshold, were the guidelines for written and oral price quotations followed? A. R. S. §38-503(C)	N/A	None in the current year
15. If a Governing Board member, officer, or employee had a substantial interest in any contract, sale, purchase, or service, did the individual submit a conflict of interest statement and refrain from voting upon or otherwise participating in any manner as an officer or employee in such contract, sale, or purchase? A.R.S. §38-503	YES	
16. Were purchases under current General Services Administration (GSA) contracts authorized by the Governing Board and limited to items included in contracts on GSA schedule 70-IT and schedule 84-Law Enforcement?	N/A	No GSA contracts
17. Did the Governing Board determine in writing that all of the criteria listed in A.R.S. §15-213(J) applied before authorizing purchases under a GSA contract?	N/A	See comment above
18. Did the District perform adequate due diligence for **each** cooperative the District made purchases 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 on USFR page VI-G-13.)		
Cooperative:		
_____	N/A	No cooperatives used
_____		
_____		
_____		
19. Were receiving reports prepared for all goods and services received (except for exempted items such as salaries and related costs, utilities, and in-state travel) that documented the date of receipt, quantity received, and signature of the recipient?	YES	
20. Did the accounts payable function include maintaining documentation and matching receiving reports, vendor invoices, and purchase orders before payment?	YES	
21. Did the District develop specific policies and procedures to account for and control district credit cards and purchasing cards (p-cards) in accordance with USFR pages VI-G-15 through 20?	YES	
22. For credit cards and p-cards:		
a. Did the District maintain separation of responsibilities for issuing cards; requesting, authorizing, and executing purchases; and payment processing?	YES	
b. Did the District issue cards only to those employees with a legitimate district purpose and with appropriate purchase limits based on the types of transactions for which the card was to be used?	YES	

	YES/NO	COMMENTS
c. Did the District maintain a complete list of card users to track possession of all cards?	YES	
d. For cards issued in the District's name, (e.g., fuel cards) was a specific employee designated to track the cards and account for all the cards' transactions?	YES	
e. Did the District require and document training for all card users and employees involved with processing transactions?	YES	
f. Did the District require and retain signed card user agreements that outline receipt of the district card use policies and procedures, including possible disciplinary actions for misuse?	YES	
g. Did the District receive and review all supporting documentation from card users at least monthly?	YES	
h. Were monthly billing statements sent directly to the District as well as the card user, if applicable?	YES	
i. For transactions, such as Internet, phone, and fax transactions that resulted in card charges before goods or services were received, did the District verify and document the receipt of any prepaid items?	YES	
j. Did management conduct periodic reviews to monitor purchases, vendor usage, and compliance with applicable procurement rules?	YES	
23. For p-cards:		
a. Did the District use Merchant Category Codes to block unauthorized vendors or purchases and apply the purchasing limits necessary to meet operating requirements?	N/A	No p-cards were used
b. If the District used p-cards to pay for previously acquired goods or services, were supporting documentation and billing statements received and reconciled by someone other than the card user before payment was made to the card issuer?	N/A	No p-cards were used

For question 24, the audit firm must judgmentally select at least 3 monthly credit card/p-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 statements selected.

24. Based on a scan of the statements and a review of the judgmentally selected transactions, were credit card and p-card purchases only for expenditures for authorized school purposes, within the dollar limits authorized for the employee making the purchase, and supported by appropriate receipts that clearly identify the employee making the purchase? (**Note:** If the answer is "No", the "Comments" should specifically indicate which of the above requirements were not complied with.)	NO	See Comment 2
25. Were credit card and p-card statements paid timely to avoid finance charges and late fees?	YES	
26. Were warrants and electronic payments compared to the applicable voucher and warrant/payment register before distribution?	YES	
27. Were vouchers and supporting documentation, including invoices, stamped "paid" or otherwise marked to help prevent duplicate payments?	YES	
28. Did the District prepare, for all levy funds, a list of liabilities by fund (and program for the M&O Fund) 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	

	YES/NO	COMMENTS
29. If the District used building renewal monies for routine preventative maintenance,		
a. Did the expenditures meet the definition of "routine preventative maintenance" as defined in A.R.S. §15-2031?	N/A	No Building Renewal Monies except a grant
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	See comment above
c. Did the District use the monies to supplement and not supplant expenditures from other funds for the maintenance of school buildings?	N/A	See comment above
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 Building Renewal funds used for preventative maintenance
31. Did the District use monies received from a Joint Technology Education District (JTED) only for vocational education and to supplement, rather than supplant, its base year vocational education spending? (See USFR Memorandum No. 219)	N/A	Is a JTED, not in a JTED
CLASSROOM SITE FUND		
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?	N/A	No CFS funds used in the current year
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?	N/A	No CFS funds used in the current year
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?	N/A	No CFS funds used in the current year
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?	N/A	No CFS funds used in the current year
6. Were teacher base salary increases (Fund 011), performance-based teacher compensation increases (Fund 012), and monies spent from Fund 013 for teacher compensation increases paid only to employees possessing a teaching certificate and employed to provide instruction related to the District's educational mission?	N/A	No CFS funds used in the current year
7. 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	
8. 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 CSF)?	N/A	No CFS funds used in the current year

	YES/NO	COMMENTS
9. 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 appropriate fund?	N/A	Not over CSF budget
10. 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 or, if this was not possible due to the District's limited staff size, were adequate management review procedures in place to compensate for employees performing incompatible functions?	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 that allowed adequate time for payroll adjustments to be made if needed between the end of the pay period and the payment date?	YES	
4. If the District provided prorated compensation payments to employees:		
a. Were elections for prorated compensation made before any work was performed and not changed after work began?	N/A	None required
b. Were any adjustments to the annual compensation of employees who were receiving prorated wage payments based on the employee's official rate of pay?	N/A	None required
c. Did the District ensure that at no point during the year was an hourly employee paid for more than actual hours worked to date?	N/A	No prorated compensation
5. Did individual personnel files include appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4?	YES	
6. Did the District ensure that all employees who met membership criteria were enrolled in the Arizona State Retirement System (ASRS), and did the District withhold employee contributions and remit employee and district contributions in accordance with the *ASRS Employer Manual*?	YES	
7. Did the District accurately calculate and remit alternative contribution rate payments to ASRS for all applicable positions filled by ASRS retirees? (https://www.azasrs.gov/content/alternate-contribution-rate)	YES	
8. Did the District maintain a system to account for the accrual and use of vacation, sick leave, and compensatory time for all employees?	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 attendance records, such as time sheets or timecards, prepared for each pay period for each employee subject to the *Fair Labor Standards Act* and approved by the employee and the employee's supervisor?	YES	

	YES/NO	COMMENTS
11. 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	
12. Were completed payroll registers or prepayroll registers reviewed and approved?	YES	
13. Did employees participating in the various stages of processing payroll, preparing and approving vouchers, and distributing warrants document the steps (preparation, review, approval) they performed?	YES	
14. Were payroll warrants, warrant registers, direct deposit amounts, and payroll registers compared to the prepayroll register and voucher prior to distribution to employees?	YES	

TRAVEL

1. Did the Governing Board prescribe policies and procedures for reimbursing travel expenditures [lodging (exclusive of taxes), meals, and incidentals] incurred for District purposes, and were the amounts within the maximums established by the Director of ADOA?	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?	NO	See Comments 2 & 3

FINANCIAL REPORTING

Questions 1 through 7 should be answered based on review of the annual financial report (AFR) for the audit year.

1. Was the AFR, and the AFR summary (if one was prepared), filed with the CSS and the Superintendent of Public Instruction (electronically) by October 15? A.R.S. §15-904(A)	YES	
2. If the District maintained a Web site, did the District provide a link on its Web site to ADE's Web site where the District's AFR could be viewed? A.R.S. §15-904(A)	YES	
3. If the District did not maintain a Web site, was the AFR or the AFR summary published in a newspaper of general circulation within the District or in the County's official newspaper, or mailed to each household in the District on or before November 15? A.R.S. §15-904(C)	N/A	Is on Web site
4. Did budgeted expenditures as reported on the AFR agree with the District's most recently revised, adopted expenditure budget?	YES	
5. Did actual revenues and expenditures as reported on the AFR agree with the District's accounting records?	YES	
6. Was all required information included in the AFR?	YES	
7. Was adequate documentation retained to support amounts reported on the AFR and in the financial statements?	YES	

INFORMATION TECHNOLOGY (IT)

1. Was adequate separation of functions, duties, and responsibilities maintained for the authorization, programming, and operation of the IT system or, if this was not possible due to the District's limited staff size, were adequate review procedures in place?	YES	
2. Did the District establish and document IT policies and procedures that address:		
a. Programming, operating, and modifying the system, and was such documentation available to the appropriate personnel?	N/A	Contracted Out

	YES/NO	COMMENTS
b. IT systems internal control and specific risks, such as Internet use and wireless access?	NO	See Comment 4
c. Prevention and detection of technology-related issues and include guidelines on its response to specific incidents?	NO	See Comment 4
d. Ensuring terminated or transferred employees' access had been terminated or modified?	YES	
3. 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	
4. Were application and general controls adequate to safeguard the integrity and reliability of the District's data (i.e., accounting, student attendance, and payroll)?	YES	
5. Did the District limit access to applications or software based on the needs of the individual's job function to prevent unauthorized access to critical systems?	YES	
6. 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	
7. Did the District have password security policies that require strong passwords, repeated failed access attempt notifications, and require passwords to be periodically changed?	YES	
8. Did the District's system provide an audit trail that enabled tracing of electronic transactions from inception to final disposition?	YES	
9. Did the IT system generate error reports for data submitted for processing, and were these reports routinely reviewed and the necessary corrections submitted for approval?	YES	
10. Did the District have a formal disaster recovery plan, and was it periodically tested to identify and remedy any deficiencies?	NO	See Comment 5

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?	YES	

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, based on A.R.S. and ADE's membership and attendance guidelines, 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 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? A.R.S. §15-341.01	YES	
2. Did the District ensure that [A.R.S. §§15-808(I)(1) and 15-901(A)(1)]: (**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.)		
a. Preschool children with disabilities were enrolled in a program that met at least 360 minutes a week?	N/A	JTED with High School Students

	YES/NO	COMMENTS
b. Kindergarten was in session for at least 356 hours or 346 hours for Arizona Online Instruction (AOI) Programs?	N/A	JTED with High School Students
c. Grades 1 through 3 were in session for at least 712 hours?	N/A	See comment above
d. Grades 4 through 6 were in session for at least 890 hours?	N/A	See comment above
e. Grades 7 and 8 were in session for at least 1,000 hours or 1,068 hours for AOI Programs?	N/A	See comment above
f. Grades 9 through 12, other than AOI Programs, were in session at least 720 hours?	N/A	JTED Classes
g. Grades 9 through 12, other than AOI Programs, include 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?	N/A	JTED Classes
h. Grades 9 through 12 of AOI Programs include at least four courses throughout the year that meet at least 900 hours during the school year?	N/A	No AOI Programs

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 questions 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 (_0_) early (pre-) kindergarten students' attendance records, does the District only calculate and submit membership/absence information for this program for students with disabilities? A.R.S. §15-901(A)(1)(a)(i) and USFR Memorandum No. 175	N/A	JTED High School students only
4. Based upon review of (_0_) students' attendance records in kindergarten programs, if the instructional time for the year was between 356 and 692 hours, were students not in attendance for at least three-quarters of the day counted as being absent or, 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)(1)(a)(i) and 15-901(A)(5)(a)(i)	N/A	JTED High School students only
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 membership/absence information for this program as it would for kindergarten? A.R.S §§15-901(A)(1)(a)(i), 15-901(A)(5)(a)(i), and USFR Memorandum No. 175	N/A	JTED High School students only

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

	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; and were students in attendance for at least three-quarters of a day counted in attendance for a day? A.R.S. §15-901(A)(5)(b)(ii)	N/A	JTED High School
7. Based upon review of (0) 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 and 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)(5)(b)(i)	N/A	JTED High School

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 (3) high school students' attendance records whose attendance was reported in terms of absences, for all absence days reported in a 1 month period, did the District report absences in accordance with the method(s) provided by ADE?	YES	
9. For schools approved to report minutes of attendance, based upon review of the attendance records for a 1 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?	N/A	Minutes are not used
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?	N/A	Is a JTED had less than four subjects
11. For students enrolled in a program provided by a JTED in a facility owned or operated by a school district:		
a. For school districts—Based on a review of (0) 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?	N/A	Done at Satellite Schools
b. For school districts—Based on the review of (0) students' attendance records for all absence days reported in a 1 month period, did the District calculate absences in accordance with the method(s) provided by ADE *and* based on the number of District classes the student was enrolled in and attended (excluding JTED program classes)?	N/A	Done at Satellite Schools
c. For JTEDs—Based on a review of (3) 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)?	YES	
[**Note:** Total membership claimed for the school district and the JTED satellite locations for each student should not exceed 1.25. A.R.S. §15-393(P)]		

	YES/NO	COMMENTS
12. For students enrolled in both a school district and JTED course(s) offered to eligible students in each member district of the JTED:		
a. For JTEDs—Based on a review of (3) students' attendance records for students enrolled in a JTED course provided at a qualifying centralized or leased centralized campus as described in A.R.S. §15-393 that meets for at least 150 minutes (not including any breaks) per class period, was the membership reported by the JTED as 0.75? A.R.S. §15-393(Q)	NO	See Comment 7
b. For school districts and JTEDs—Based on a review of (3) students' attendance records for students enrolled in both the school district and in JTED courses [including JTED courses provided at a community college pursuant to A.R.S. §15-393(K)], was the sum of the ADM no more than 1.75 and was the amount claimed by either entity no more than 1.0? A.R.S. §15-393(Q)	YES	
13. For school districts offering an AOI Program, based upon review of (0) AOI students' attendance records for 4 weeks:		
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? A.R.S. §15-808(E)	N/A	No AOI Program
b. Did the hours reported to ADE agree to the guardian-approved or District computer-generated daily log?	N/A	No AOI Program
c. Were all students who participated in an AOI Program, residents of this state? A.R.S. §15-808(B)	N/A	No AOI Program
14. Based upon review of (3) 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 or excused absence? A.R.S. §15-901(A)(1)	N/A	Students are dropped before 10 days absences.

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 (5) 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?	NO	See Comment 8
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?	YES	
d. Did membership begin on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school?	YES	
e. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? A.R.S. §15-802(B)(1)	N/A	Done at Satellite Schools

	YES/NO	COMMENTS
f. If a student was not an Arizona resident, was the student excluded from the school's student count and state aid calculations? A.R.S. §15-823(J)	N/A	Done at the Satellite Schools
16. Based upon review of (5) 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" for determining timely data entry 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 unexcused absence for students withdrawn for having ten consecutive unexcused absences.)	NO	See Comment 8
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 day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, the withdrawal date on the system should be the school day following the withdrawal date on the form.)	YES	
c. Did the teachers' attendance registers, if used, and other supporting documentation agree to the withdrawal date in the computerized attendance system?	YES	
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	N/A	Done at the Satellite Schools

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 (3) 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?	YES	
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 for membership and 60 days for absence information through the last day of instruction (with the first 20 and 60 day periods beginning on the first day of school or the opening of SAIS for current fiscal year data submission, whichever is later)? A.R.S.§§15-901(A)(1) and 15-1042(H)	NO	See Comment 9
20. Based upon review of the District's 40th and 100th day information uploaded to ADE (ADMS 75-1), did the membership and absences agree to the District's computerized attendance system records? (**Note**: For an AOI Program, review year-end attendance information.)	NO	See Comment 7

TRANSPORTATION SUPPORT

1. Did the District retain documentation to support the amounts entered on the Transportation Route Report submitted to ADE?	N/A	No transportation/buses

	YES/NO	COMMENTS
2. Did the students reported as eligible students on the Transportation Route Report meet the definition in A.R.S. §15-901(A)(8)? (If test work discloses a net under/overstatement of eligible students, report the net amount of the under/overstatement in the "Comments" column.)	N/A	No transportation/buses
RECORDS MANAGEMENT		
1. Did the District retain and dispose of records in accordance with the *General Retention Schedules for Education K-12* published by the Arizona State Library, Archives and Public Records? (http://apps.azlibrary.gov/records/general.aspx)	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. Were meal cards or tickets sequentially numbered, and adequately safeguarded prior to issuance?	N/A	No Food Service Program
2. Were daily reports prepared that document a reconciliation of meal sales to cash collections, and were cash overages and shortages resolved?	N/A	See comment above
3. Did the actual expenditures as reported in the M&O Fund 001 and Capital Fund 610 columns on the Food Service page of the AFR for the audit year agree with the District's accounting records?	N/A	See comment above
4. Were expenditures reported in the M&O Fund 001 and Capital Fund 610 columns on the Food Service page of the AFR for the audit year classified in accordance with the USFR Chart of Accounts?	N/A	See comment above
AUXILIARY OPERATIONS AND EXTRACURRICULAR ACTIVITIES FEES TAX CREDIT FUNDS		
1. Did the Auxiliary Operations Fund include all monies raised in connection with the activities of school bookstores and athletics?	N/A	No Auxiliary Operations
2. Were extracurricular activities fee tax credit monies included in the Auxiliary Operations Fund or a separate Extracurricular Activities Fee Tax Credit Fund?	N/A	No extracurricular activities
3. Did the District use an auxiliary operations ticket log to control the issuance of tickets for athletic events?	N/A	No athletic events
4. Were receipt forms and tickets sequentially numbered?	N/A	No Auxiliary Operations
5. 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 and daily cash receipt summaries of extracurricular activities fee tax credit monies that provided a reconciliation between cash receipts and actual cash collected?	N/A	No Auxiliary Operations
6. Were Auxiliary Operations Fund bank account checks signed by two employees designated by the Governing Board?	N/A	No AO bank account
7. 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 AO revolving bank account
8. 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) and Laws 2011, Chapter 195, §4? (See the Arizona Department of Revenue's Web site for guidance on the appropriate use of extracurricular activities fees tax credit monies.)	N/A	No extracurricular activities funds

	YES/NO	COMMENTS
STUDENT ACTIVITIES FUND		
1. Did the Governing Board appoint a student activities treasurer and, if applicable, assistant student activities treasurers?	N/A	No Student Activities
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.)	N/A	No Student Activities
3. Were all Student Activities Fund monies deposited in a bank account designated as the Student Activities Fund bank account?	N/A	No Student Activities
4. Were reports prepared that reconciled sales to cash collected at student activities' events? (When applicable, sales should be documented using tickets, sequentially numbered cash receipts, a cash register, or count of items on hand before and after a sale.)	N/A	No Student Activities
5. Was cash available in the student club accounts verified before disbursements were made?	N/A	No Student Activities
6. Were disbursements from the Student Activities Fund bank account and intrafund transfers (transfers of monies among student clubs) properly authorized by or on behalf of the student members of a particular club and documented in the club minutes?	N/A	No Student Activities
7. 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	N/A	No Student Activities
8. Was a Report of Cash Receipts, Disbursements, Transfers, and Cash Balances of the Student Activities Fund submitted to the Governing Board monthly?	N/A	No Student Activities
GENERAL LONG-TERM DEBT		
1. If the District issued bonds during the year:		
a. Was class B bonded indebtedness less than the greater of $1,500 per student count or 10 percent (20 percent for a unified district) of the assessed valuation of taxable property used for secondary property tax purposes within the District? A.R.S. §15-1021(B) and (D) (Revised 1/23/15)	N/A	No bonds issued during the year
b. Was total bonded indebtedness 15 percent (30 percent for a unified district) or less of the assessed valuation of taxable property used for secondary property tax purposes within the District at the time the bonds were issued? A.R.S. §15-1021 (B) and (D) (Renumbered 1/23/15)	N/A	See comment above
2. Did the District refrain from expending bond proceeds for items having useful lives less than the average life of the bonds issued or 5 years? A.R.S. §15-1021(F)	N/A	No current bond proceeds
3. 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 bonds outstanding or issued ever
4. 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	See comment above

	YES/NO	COMMENTS
5. 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 or to the Bond Building Fund if authorized by the voters or federal laws or rules require the interest to be used for capital expenditures? A.R.S. §15-1024(C)	N/A	No bonds ever issued

GOVERNING BOARD/MANAGEMENT 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 who have made such conflicts known to the District? A.R.S. §38-509	N/A	See Comment 6
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? A.R.S. §38-503(B)	N/A	No current year purchases from vendors identified
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	None in current year

This questionnaire was completed in accordance with the requirements of the Office of the Auditor General as set forth in the instructions on pages 1 and 2.

Connie A. Sauvageau, CPA	March 18, 2015
Audit Firm	Date
Connie A Sauvageau	CPA, Owner
Preparer (AUDIT FIRM Representative)	Title

VALLEY ACADEMY FOR CAREER & TECHNOLOGY EDUCATION
USFR EXPLANATION OF COMMENTS
FOR THE YEAR ENDED JUNE 30, 2014

ITEM

1. Found 1 out of 73 purchase order transactions reviewed, where the purchase order date for a Governing Board Member's Internet service was prepared after the invoice date.

2. Found several credit card transactions for meals, where the amounts were over the per diem rates or were not for overnight stay or no substantial sleep/rest and the amounts were not reported as a taxable employee benefit. The receipts or travel logs for the meals also did not document the authorized school purpose for the meals, persons at the meal/meeting, or the general school matters discussed.

3. Found a credit card purchase for a hotel, which was not at a conference location and it was over the per diem rate and the difference was not reported as a taxable employee benefit.

4. Although the District contracts out its performance of IT functions, it did not establish and document IT policies and procedures that address: a)IT systems internal control and specific risks, such as Internet use and wireless access; b) prevention and detection of technology-related issues and include guidelines on its response to specific incidents.

5. The District does not have a formal disaster recovery plan that is periodically tested to identify and remedy any deficiencies.

6. Found a conflict of interest statement was not prepared to identify a relationship between the District Superintendent and her son-in-law working for the District.

7. The Fire Science program at the Central Campus was properly reported with membership at .75, but found the Nursing program at the Central Campus which should had been reported at .75 was actually reported only as .25 on the 12th grade-Central Campus 100th day reports. The 100th day 12th Grade-Central Campus attendance which was uploaded to ADE(ADMS 75-1) originally agreed to the District's computerized attendance system amounts, but they were incorrectly prepared due to the Nursing Program was not properly coded in the system with .75 FTE.

8. The student entries and withdrawals were not entered into the computerized system within 5 working days after the actual entry/withdrawal because the Satellite Districts do not submit the enrollment/withdrawal information to the District timely.

9. The District's membership/absence information was not submitted to ADE at least every 20 days for memberships and 60 days for absences due to not receiving the information from the Satellite Districts timely.