

# Antelope Union High School District

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

### List of deficiencies

**Governing board/management procedures** - The governing board and District management should establish and implement procedures as required by Arizona Revised Statutes (A.R.S.) to ensure their oversight duties are met.

	Question	Deficiency
1.	The governing board appointed a student activities treasurer and, if applicable, assistant student activities treasurers. A.R.S. §15-1122	The Governing Board did not appoint an employee as student activities treasurer for the fiscal year (FY) ended June 30, 2021.
2.	The governing board approved student clubs' and organizations' fund-raising events. A.R.S. §15-1121	The Governing Board was not provided a list of student fund-raising events to approve during FY 2021.
3.	The governing board established written personnel and payroll policies and approved employee contracts that included salary and wage schedules, and any other agreed-upon terms of employment.	For ten of fifteen employee contracts reviewed, the contracts did not specify the number of working hours per day.
4.	The District annually provided guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees. A.R.S. §§38-502 &38-509	Documentation was not provided that the District annually provided guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees.
5.	The District held governing board meetings in accordance with A.R.S. §§38-431 to 38-431.09, and prepared and retained written minutes and/or recordings.	District policy BEDG provides that Board minutes are to be made available for public inspection within 3 working days after the meeting. Documentation was not provided to verify that the Board minutes were made available for public inspection within 3 working days after a Board meeting, as the copies of the minutes do not indicate the date they were completed and made available to the public.

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

	Question	Deficiency
1.	The budget included all funds as required by A.R.S. §15-905 and followed the form's Budget—Submission and Publication Instructions.	The proposed expenditure budget was submitted electronically to the Arizona Department of Education (ADE) on July 17, 2020, 12 days after the July 5 deadline.

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**Accounting records** - The District should accurately maintain accounting records to support the financial information it reports and follow processes and controls that reduce the risk of undiscovered errors that would affect the reliability of information reported to the public and oversight agencies.

	Question	Deficiency
1.	The District coded transactions in accordance with the USFR Chart of Accounts.	<p>The District recorded \$82,610 in negative expenditures in Fund 105—Title I (FY 2020) to clear prior year negative cash balance by reporting expenditures in other funds. It was noted that of this amount, \$55,173 in expenditures were posted to Fund 106—Title I (FY 2021). As these expenditures did not occur during the allowable grant period they are disallowed as FY 2021 Title I expenditures.</p> <p>The following expenditures were not coded in accordance with the USFR Chart of Accounts:</p> <ul style="list-style-type: none"> <li>• An expenditure for air purifiers was recorded to Object 6611—District Supplies and should have been recorded to Object 6731 or 6732—Furniture and Equipment.</li> <li>• An expenditure for hot spot units and 4G data plan was recorded to Object 6611—District Supplies while the hot spot units should have been recorded to Object 6731 or 6732—Furniture and Equipment, and the cost for 4G data plan should have been recorded to Object 6531—Telecommunications.</li> <li>• An expenditure for instructional aid (annual subscription for digital library) was recorded to Fund 001—Maintenance and Operation (M&amp;O) while per the USFR: "Instructional aids must be paid for from the Unrestricted Capital Outlay Fund or another allowable fund, but not from the M&amp;O Fund."</li> <li>• An expenditure for copier lease payment was recorded to Function 2610—Operation of Buildings and Object 6731—Furniture and Equipment and should have been recorded to Function 5000—Debt Service and Object 6832—Other Principal Payments and Object 6842—Other Interest Payments.</li> <li>• An expenditure for Chromebook lease payment was recorded to Function 1000—Instruction and Object 6731—Furniture and Equipment and should have been recorded to Function - 5000—Debt Service and Object 6832—Other Principal Payments and Object 6842—Other Interest Payments.</li> <li>• Expenditures for food for staff orientation and staff meeting were recorded to Function 1000—Instruction and Object 6580—Travel" and should have been recorded to Function 2213—Instructional Staff Training and Function 2570—Noninstructional Personnel Training and Object 6890—Miscellaneous Expenditures.</li> </ul>

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2.	The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.	<p>The District made journal entries that did not appear proper. The District moved a total of \$15,256 payroll expenditures from Fund 510—Food Service to Fund 001—M&amp;O with four adjusting journal entries. However, instead of moving cash and expenditures, the District moved salaries payable and expenditures, which caused the incorrect cash balances and salaries payables in the financial data file for the two funds. In addition, the District moved a total of \$2,409 payroll expenditures from Fund 105—Title I (FY 2020) to Fund 106—Title I (FY 2021) with two adjusted journal entries.</p> <p>Further, the following deficiencies were noted based on the review of adjusting journal entries (AJE's):</p> <ul style="list-style-type: none"> <li>• For 10 of 20 AJEs' supporting documents and documents of a secondary review and approval were not provided. It could not be determined if the AJE's were for a proper business purpose of the District.</li> <li>• For one AJE, documentation of a secondary review and approval was not provided.</li> <li>• For one AJE, it could not be determined if the AJE was for a proper business purpose of the District based on the document provided.</li> </ul>
3.	The District documented and dated a monthly review of financial transactions the county school superintendent (CSS) initiated (i.e., revenue or journal entries) for propriety and researched and resolved any differences.	Documentation was not provided that the District documented and dated a monthly review of financial transactions the CSS initiated (i.e., revenue or journal entries) for propriety and researched and resolved any differences.
4.	The District reconciled cash balances by fund monthly with the County School Superintendent (CSS) or county treasurer's records, and properly supported, documented, and dated the reconciliations.	Documentation was not provided that the District reconciled cash balances by fund monthly with the CSS or county treasurer's records, and properly supported, documented, and dated the reconciliations.
<b>Cash and revenue</b> - The District should document and control cash transactions to safeguard monies, provide evidence of proper handling to protect employees involved in handling monies from unfounded accusations of misuse, and reduce the risk of theft or loss.		
	<b>Question</b>	<b>Deficiency</b>
1.	The District used an M&O Fund revolving bank account in accordance with A.R.S. §15-1101.	The M&O Fund revolving account was inappropriately used to deposit two food service grant revenues and then clear the deposits to the County for Fund 510—Food Service. The grants were for \$16,150 and \$21,091.
2.	The District used an Auxiliary Operations Fund bank account in accordance with A.R.S. §15-1126.	Supporting documentation was not provided for 1 of 5 auxiliary operation checks selected for review, only an unsigned copy of an auxiliary check was provided. As such, it could not be determined if the check was signed by two authorized signers.

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3.	The Auxiliary Operations Fund bank or treasurer account deposits included all monies raised in connection with the activities of school bookstores and athletics and were supported by appropriate documentation. A.R.S. §15-1126	Two of five auxiliary deposits were only supported by a prenumbered receipt and noted as "Athletics".
4.	The extracurricular activities fees tax credit monies were included in the Auxiliary Operations Fund and/or separately accounted for in a Extracurricular Activities Fees Tax Credit Fund.	The District records auxiliary operations and extracurricular activities fees tax credit monies in the same bank account and uses Quickbooks to track the deposits and expenditures. It was noted that Quickbooks is unable to generate a balance by class and the exact balances of the auxiliary operations and tax credits accounts cannot be determined.
5.	The District used the Student Activities Fund bank account(s) in accordance with A.R.S. §15-1122.	It was noted that there were four outstanding checks totaling \$3,969 that were older than one year.
6.	The Student Activities Fund monies were deposited in a bank or treasurer account designated as the Student Activities Fund account.	Four of five student activity deposits were not properly supported. In addition, the District held an auction of surplus property and collected \$1,400. One of the deposits made to the student activities bank account totaled \$1,400 was for the surplus property auction and noted as for "In-staff funds". It was not determined if the auction was an allowable fundraising activity, what items were auctioned and what club the monies were raised for.
7.	The District paid bank charges from only 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 not, the bank charges were reimbursed from an appropriate District fund or bank account.	The food service clearing account was not reimbursed for bank fees of \$88.
8.	The District separated responsibilities for cash-handling and recordkeeping among employees (i.e., receiving, depositing, and recording revenues), to safeguard monies.	The business manager received the checks in the mail, made the deposits and coded and recorded the deposits. It was noted that only treasurer's receipts were provided to support the deposits.
9.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal supporting documentation.	<p>Per review of the County receipts, a total of \$194,862 in cash was received in the office and checks received in the mail were deposited with the County in FY 2021. The District did not provide prenumbered receipts documenting the date received; copies of checks deposited; nor County Deposit Transmittal Forms. Only the County receipts were provided. As such it could not be determined if the deposits were made timely. In addition:</p> <ul style="list-style-type: none"> <li>• Validated deposit slips were not provided for the five auxiliary deposits that were reviewed.</li> <li>• Validated deposit slips were not provided for the five student activity deposits that were reviewed.</li> <li>• Two of five auxiliary deposits were only supported by a prenumbered receipt and did not indicate the date of the event. As such it could not be determined if the deposits were made timely.</li> </ul>

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		<ul style="list-style-type: none"> <li>Due to lack of documentation of initial collections it could not be determined if 4 of 5 student activity deposits reviewed were deposited timely.</li> <li>Documentation was not provided to support if 5 of 5 food service deposits reviewed were deposited timely.</li> </ul>
10.	The District's deposits and cash balances with the county treasurer were reconciled.	The District recorded cash adjustments totaling \$162,710 based on the County School Superintendent's reconciliation to the County Treasurer. No detail or explanation was provided for the adjustments other than noted as "reconciling differences".
11.	The District retained supporting documentation for disbursements from bank accounts.	Documentation was not provided for 1 of 5 revolving checks reviewed.
12.	The District safeguarded unused checks.	A check for \$1,500 dated 08/28/20 was written from the Auxiliary bank account made payable to cash for bookstore cash box.
13.	The District tracked and reconciled the number of meals sold to the total cash collected per day.	Reports providing the number of meals sold and cash collected was not provided to support 5 of 5 food service deposits reviewed. In addition, documentation was not provided to reconcile sales to amounts collected for all 5 food service revenues selected to reviewed.

**Supplies inventory** - The District should physically safeguard and report supply inventories to prevent theft, overstocking, understocking, spoilage, and obsolescence.

	Question	Deficiency
1.	The District physically safeguarded supply inventories to prevent unauthorized use, theft, damage, and obsolescence and enable accurate financial reporting.	The District did not provide a detailed food service inventory of food service supplies held as of June 30, 2021. In addition, the District has two fuel tanks, one for gasoline and one for diesel fuel. It was not determined if the controls over the dispensing the fuel were adequate as a log of fuel dispensed by vehicle was not provided.

**Property control** - The District should properly value, classify, and report land, buildings, and equipment on its stewardship and capital assets lists. In addition, the District should safeguard its property, which represents a significant investment of its resources, from theft and misuse.

	Question	Deficiency
1.	The District recorded additions on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually.	For one of five expenditures for capital asset items reviewed, the item was not included in the District's FY 2021 capital asset list.
2.	The District's stewardship list for items costing at least \$1,000 but less than the District's capitalization threshold included the location, identification number, and description, and was updated for any acquisition, transfer, or disposal.	The stewardship list provided only include items purchased in FY 2021, and no prior year items. In addition, the list did not include the identification numbers and locations of the items. For one of five expenditures for stewardship items reviewed, the item was not included in the District's FY 2021 stewardship list.

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3.	The District properly tagged assets and updated asset lists.	The District's FY 2021 capital asset list did not have tag numbers for 157 out of 166 items on the list. Eight of ten items selected from the District premises were not traced back to the District's capital asset list due to the lack of detail descriptions and identification numbers on the District's capital asset list. It was noted all eight items were school buses, and the District's capital asset list has nine school buses.
4.	The District performed a physical inventory of all equipment at least every 3 years and reconciled the inventory results to the stewardship and capital assets lists upon completion.	Documentation was not provided if the District performed a physical inventory of all equipment at least every 3 years.
5.	The governing board approved stewardship and capital asset items disposed of during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with Arizona Administrative Code (A.A.C.) R7-2-1131(C).	The auction of surplus property was not provided to the Board for approval.

**Expenditures** - The District should ensure spending approvals document both the allowable District purpose and confirmation that spending was within budget capacity or available cash, to ensure appropriate use of public monies and compliance with budget limits, and to protect employees from unfounded allegations of misuse.

	Question	Deficiency																				
1.	The District monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders (PO) and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, &15-916.	<p>The Arizona Department of Education's (ADE) FY 2020-21 BUDG75 report dated January 11, 2022, provides that Fund 001—M&amp;O's expenditures were \$135,983 (6.8%) over the budget limit of \$2,001,721.</p> <p>The District reported negative cash balances totaling \$(357,564) as of June 30, 2021, in the following funds that were not reimbursable grant funds:</p> <table border="1" data-bbox="1349 958 2628 1315"> <thead> <tr> <th><u>Fund description</u></th> <th><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>011—Classroom Site Fund</td> <td>\$ (51,449)</td> </tr> <tr> <td>012—Classroom Site Fund</td> <td>(28,312)</td> </tr> <tr> <td>020—Instructional Improvement</td> <td>(11,455)</td> </tr> <tr> <td>506—School Plant</td> <td>(20,184)</td> </tr> <tr> <td>510— Food Service</td> <td>(146,323)</td> </tr> <tr> <td>515—Civic Center</td> <td>(5,481)</td> </tr> <tr> <td>596—CTED</td> <td>(1,155)</td> </tr> <tr> <td>827—SPED IGA</td> <td>(93,205)</td> </tr> <tr> <td>Total</td> <td>\$ (357,564)</td> </tr> </tbody> </table> <p>The District recorded expenditures totaling \$237,476 in excess of award amounts that resulted in cash deficits carried forward from the prior years and over expenditure of award amounts in FY</p>	<u>Fund description</u>	<u>Amount</u>	011—Classroom Site Fund	\$ (51,449)	012—Classroom Site Fund	(28,312)	020—Instructional Improvement	(11,455)	506—School Plant	(20,184)	510— Food Service	(146,323)	515—Civic Center	(5,481)	596—CTED	(1,155)	827—SPED IGA	(93,205)	Total	\$ (357,564)
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		<p>2021 that were not funded by the grant award. The following amounts are the deficits carried forward and the excess expenditures noted in the following reimbursable grant funds:</p> <table border="1"> <thead> <tr> <th><u>Fund description</u></th> <th><u>Excess expenditures</u></th> </tr> </thead> <tbody> <tr> <td>Fund 105–Title I</td> <td>\$ 16,379</td> </tr> <tr> <td>Fund 121–Title I Migrant</td> <td>29,342</td> </tr> <tr> <td>Fund 220–SPED</td> <td>20,166</td> </tr> <tr> <td>Fund 302–ARRA Education</td> <td>72,625</td> </tr> <tr> <td>Fund 320–Enrollment Stability Grant</td> <td>98,964</td> </tr> <tr> <td>Total</td> <td>\$ 237,476</td> </tr> </tbody> </table> <p>Based on review of award amounts and revenue received there did not appear to be a receivable that would reimburse the District for \$237,476 of the carried forward deficits due to expenditures in excess of grant awards.</p> <p>In addition, for two of the twenty-five expenditures reviewed, the purchase orders were created after the invoice date. For two of the twenty-five expenditures reviewed, the payment amounts exceeded the purchase order amounts by more than 10%.</p> <p>Further, the interest paid on registered warrants increased from \$69,748 in FY 2020 to \$104,951 in FY 2021, an increase of \$35,203 (50.5%). The District had \$1,187,374 in registered warrants reported on the June 30, 2021, financial statements due to cash deficiencies. As such, the District's Independent Auditors' Report expressed substantial doubt about the District's ability to continue operating.</p>	<u>Fund description</u>	<u>Excess expenditures</u>	Fund 105–Title I	\$ 16,379	Fund 121–Title I Migrant	29,342	Fund 220–SPED	20,166	Fund 302–ARRA Education	72,625	Fund 320–Enrollment Stability Grant	98,964	Total	\$ 237,476
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Total	\$ 237,476															
2.	<p>The District's expenditures were made only for allowable District purposes, properly satisfied the specific purposes required for any restricted monies spent, and were adequately supported by documentation required by the USFR.</p>	<ul style="list-style-type: none"> <li>• One of five checks issued from the revolving account was not properly supported. The check was made payable to Antelope UHSD for \$1,765 and only noted as beginning of the year reconciling item.</li> <li>• For one credit card purchase review, the purchase was for gift cards for student incentives to summer classes. It was noted a total of two \$250, three \$100 and forty-five \$50 dollar gift cards were purchased, and the supporting document of which students received the gift cards only accounts for two \$250, three \$100 and forty-one \$50 gift cards, which left four \$50 gift cards not accounted for.</li> <li>• The District paid a vendor \$319.99 for overdue invoices dated ranging from 05/13/18 to 12/22/20 in July 2021.</li> <li>• The District paid \$1,824.50 to its food service department for employee meals for May and June 2021. This did not appear to be an allowable expenditure.</li> </ul>														

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		<ul style="list-style-type: none"> <li>For three of the twenty-five expenditures reviewed, a receiving report or documentation of the employee that authorized as "Okay To Pay" was not provided. For one of the twenty-five expenditures reviewed, the payment amount did not agree to the invoice amount.</li> </ul>
3.	The District's extracurricular activities fees tax credit monies were expended only for eligible activities that qualified under A.R.S. §§15-342(24) & 43-1089.01.	A check for \$9,681.67 for extracurricular expenses was issued from the auxiliary checking account and paid to the student activities account. Adequate supporting documentation was not provided to support the expenditure or document the expenditures were allowable tax credit expenditures.
4.	The District's Student Activities Fund disbursements and transfers of monies among student clubs were issued only when cash was available in the student club account and properly authorized by or on behalf of the student members of a particular club and documented in the club minutes.	One of five student activity disbursements was not supported with student minutes documenting the expenditure.
5.	The District properly prepared the Career Technical Education District (CTED) Supplanting worksheet and adequately supported that monies received from a CTED were used only for vocational education and to supplement, rather than supplant, the District's base year vocational education spending. A.R.S. §15-393	The FY 2021 Career Technical Education District (CTED) Supplanting worksheet was not provided, as such, it could not be determined if monies received from a CTED were used only for vocational education and to supplement, rather than supplant, the District's base year vocational education spending.

**Credit cards and p-cards** - The District should control credit cards and p-cards to help reduce the risk of unauthorized purchases and approve purchases to ensure compliance with competitive purchasing requirements in the USFR and School District Procurement Rules.

		Deficiency
1.	The District issued and tracked possession of all District credit cards and trained employees who make credit card purchases or process transactions on the District's policies and procedures.	For five of five credit card users reviewed, the signed credit card user agreements were not provided.
2.	The District's card purchases were only for authorized District purposes, within the dollar limits authorized for the employee, and supported by valid receipts or transaction logs that clearly identify the employee making the purchase.	For one of fifteen credit card purchases reviewed, the receipt supporting the charge of \$199.16 for food at a restaurant was not provided.

**Procurement** - The District should follow the School District Procurement Rules and USFR purchasing guidelines for purchases it makes to promote fair and open competition among vendors that helps ensure the District receives the best value for the public monies it spends.

	Question	Deficiency
1.	The District requested at least 3 written quotes for purchases costing at least \$10,000 but less than \$100,000 and followed the guidelines prescribed by the USFR.	Documentation was not provided to show that at least three written quotes were obtained for ten purchases in the written quote range or documentation that the purchases were otherwise exempt from requiring oral quotes (i.e., sole source, cooperative purchase, etc.).



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2.	The District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more. A.R.S. §15-213(N) and A.A.C. R7-2-1003	Documentation was not provided that the District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more.			
<b>Classroom site fund</b> - The District should ensure it appropriately spends the State sales tax revenues for teacher pay and programs to support students, such as class size reduction, dropout prevention, and tutoring, as required by law.					
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:5%;"></th> <th style="width:45%;">Question</th> <th style="width:50%;">Deficiency</th> </tr> </thead> </table>				Question	Deficiency
	Question	Deficiency			
1.	The District's total Classroom Site Fund (CSF) revenues were properly allocated among the following funds: 011–Base Salary (20%), 012–Performance Pay (40%), and 013–Other (40%), and expenditures in the CSFs (011-013) were within the CSF budget limit. A.R.S §15-977	The following items were noted regarding CSF: <ul style="list-style-type: none"> <li>• Fund 012 expenditures were \$26,183 over the budget of \$47,753.</li> <li>• Fund 013 had a negative budget amount of \$10,318, and an expenditure amount of \$1,278.</li> </ul>			
<b>Payroll</b> - The District should document the review, verification, and approval of payroll expenditures to ensure employees are appropriately compensated and payments to employees are supported by Governing Board approved contracts, pay rates, and terms of employment.					
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:5%;"></th> <th style="width:45%;">Question</th> <th style="width:50%;">Deficiency</th> </tr> </thead> </table>				Question	Deficiency
	Question	Deficiency			
1.	The District ensured hourly employees were not paid for more than the actual hours worked to date.	For two employees, the hourly rates on the contract did not agree to the hourly rates on the payroll journal report.			
2.	The District's individual personnel files included all appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4.	The following supporting documents were missing from the employees' personnel files: <ul style="list-style-type: none"> <li>• One of fifteen employees did not have the signed FY 2021 employee contract on file, the contract on file only has the first two pages.</li> <li>• One of fifteen employees did not have the I-9 Form on file.</li> </ul>			
3.	The District enrolled employees who met the Arizona State Retirement System (ASRS) membership criteria, withheld employee contributions, and in a timely manner remitted employee and District contributions in accordance with the ASRS Employer Manual.	Documentation was not provided to determine if one employee without an ASRS withholding or an alternate contribution rate contribution worked 20 or more hours for 20 or more weeks in FY 2021.			
4.	The District calculated the accrual and use of vacation, sick leave, and compensatory time for all employees in accordance with District accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon separation of employment.	<ul style="list-style-type: none"> <li>• For five of five employees reviewed, documentation was not provided on how their sick leave day accruals were calculated. In addition, leave slips or other supporting documentation was not provided for the leave uses selected to review.</li> <li>• Documentation was not provided to support the payout rates for five of five vacation payouts' selected to review.</li> </ul>			
5.	The District's payroll was properly reviewed and approved before processing and distribution to employees.	For two employees, the total contract amounts (including stipends) did not agree to the amount actually paid as indicated on the payroll journal report. The following was noted regarding one employee's contract:			

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		<ul style="list-style-type: none"> <li>The employee contract indicated that the District shall provide the employee "with six hundred dollars and zero cents (600.00) per month as a car and cell phone allowance", which should be a total of \$7,200 in FY 2020-21. However, only \$4,000 was paid for "Auto Entitlement" as indicated on the payroll journal report.</li> <li>The employee contract indicated that up to 6% per annum of the employee's annual base salary shall be designated as "performance-based pay". However, as indicated on the payroll journal report, the district paid the performance pay (\$5,677.20) as an addition to the base salary.</li> </ul>
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**Financial reporting** - The District should accurately prepare its financial reports, including its Annual Financial Report (AFR), to provide the public and oversight bodies, including bond investors and district creditors, a transparent view of the District's financial position.

	Question	Deficiency
1.	The District's website included its average teacher salary and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report. <u>A.R.S. §15-903</u>	The District's website did not include its average teacher salary.
2.	The District submitted the School District Employee Report (SDER) to ADE, and it was accurate and timely. A.R.S. §15-941 and School Finance Reports	Documentation was not provided to support the salaries reported on the FY 2021 SDER report for five out of five employees selected to review.

**Student attendance reporting** - The District should report accurate student membership and attendance information to ADE to ensure it receives the appropriate amount of State aid and/or local property taxes.

	Question	Deficiency
1.	The District's calendar ensured school was in session for the required days and offered students the required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs as prescribed in A.R.S. §§15-808(J)(1), 15-901(A)(1), & and 15-901.07.	Documentation was not provided to support if grades 9-12 of AOI programs include at least four courses throughout the year or that meet at least 900 hours during the school year.
2.	The District prorated high school students' membership if enrolled in less than 4 subjects.	For one high school student with a reported FTE of 0.5, documentation was not provided to support the student's FTE.
3.	The District maintained appropriate documentation and accurately reported students enrolled in its AOI program, including redetermining the actual full time equivalent (FTE) for each student enrolled in an AOI Program following a student's withdrawal or after the end of the school year. A.R.S. §15-808	For three out of three students enrolled in the AOI Program selected for review, the following documentation was not provided: <ul style="list-style-type: none"> <li>The Intended Full Time Equivalency Enrollment Statement.</li> <li>Documents to support if the District followed its procedures to re-determine the actual FTE for each student enrolled in an AOI Program, following a student's withdrawal or after the end of the school year.</li> </ul>

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4.	The District ensured the student's name in the student management system matched the name on the legal document on file. A.R.S §15-828(D).	For one of five students reviewed, legal document was not provided to support the student's name in the student management system.
5.	The District prepared and retained the Official Notice of Pupil Withdrawal form for each withdrawal, and the forms were signed by a District administrator. A.R.S. §15-827	For one of five students withdrawals reviewed, the withdrawal form was not provided.
6.	For students participating in distance learning, the District followed attendance procedures defined in a distance learning plan ADE approved.	The FY 2021 Distance Learning Plan was not provided. As such it could not be determined if for students participating in distance learning, the District followed attendance procedures defined in an ADE-approved distance learning plan.

**Information technology** - The District should adopt an IT security framework that aligns with credible industry standards and through that framework the District should implement controls that provide reasonable assurance that its financial and student data is accurate, reliable, and secure.

	Question	Deficiency
1.	The District maintained adequate separation of duties in its IT systems that prevented 1 employee from completing a transaction without additional review and approval procedures.	The District changed financial software from BusinessPlus to Visions software January 1, 2021. Based on a Visions User Role report, six employees were provided super user access to Visions software.
2.	The District assessed security risks for its systems and data and provided employees annual security awareness training.	Documentation was not provided that the District provided employees security awareness training at least annually that addressed prevention and detection of technology-related threats (i.e., phone and email phishing, website and ransomware attacks, and data breaches), and detailed instructions regarding how to prevent, identify, and report suspected security risks and incidents.
3.	The District's system software and hardware was physically protected from unauthorized access, theft, and environmental hazards.	It was noted that the District's servers are located in a classroom that does not have access restrictions.
4.	The District had recovery and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually.	A District-level plan to activate the recovery or contingency plan was not provided. Even if the District uses a third-party vendor for IT support, the District should still have a District-level plan to activate the recovery or contingency plan that is tested at least annually.

**Transportation support** - The District should accurately report its transportation miles and eligible student riders to ADE, to ensure the District receives the appropriate amount of State aid and/or local property taxes.

	Question	Deficiency
1.	The District accurately calculated and maintained documentation for miles and students reported on the Transportation Route Report submitted to ADE. A.R.S. §15-922	Documentation was not provided to support the miles and students reported on the Transportation Route Report submitted to ADE.

**Antelope Union High School District**

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

List of deficiencies

**Records management** - The District should protect and maintain its records, including hard copies and electronic files with student and employee data, and ensure that its records are disposed of securely in accordance with established time frames.

	Question	Deficiency
1.	The District established and followed policies and procedures to properly protect, maintain, and dispose of personally identifiable information and confidential records, such as student and employee information and social security numbers. <a href="http://www.azlibrary.gov/records">www.azlibrary.gov/records</a>	Based on inspection of the records room it was noted that several years of records should have been disposed of.