

Glendale Union High School District

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

List of deficiencies for the year ended June 30, 2023

Governing board/management procedures - The governing board and District management should establish and implement procedures as required by Arizona Revised Statutes (A.R.S.) to ensure their oversight duties are met.		
	Question	Deficiency
1.	The governing board approved student clubs' and organizations' fund-raising events. A.R.S. §15-1121 and Arizona Attorney General (AG) Opinion I84-018	For 2 of 5 student activities cash receipts reviewed, the fundraisers were not approved by the governing board.
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 District revised its budget on or before December 15, if the Arizona Department of Education (ADE) notified the District that its Maintenance and Operation (M&O) or Unrestricted Capital Outlay Fund budgeted expenditures exceeded the general budget limit or unrestricted capital budget limit. A.R.S. §15-905(E).	The District did not give notice of a public hearing for the December budget revision.
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.	For 3 of 50 disbursements reviewed and 6 subscription-based information technology arrangements (SBITA) payments, the expenditures were not coded in accordance with the USFR Chart of Accounts. In addition, the District incorrectly coded capital assets to function 2600.
Cash and revenue - The District should document and control cash transactions to safeguard monies, provide evidence of proper handling to protect employees involved in handling monies from unfounded accusations of misuse, and reduce the risk of theft or loss.		
	Question	Deficiency
1.	The District used miscellaneous receipts clearing bank account(s) in accordance with A.R.S. §15-341(A)(20).	The District did not clear the miscellaneous receipts clearing bank account to the County Treasurer for 6 of 12 months during the year. The balance uncleared at June 30, 2023, was \$61,536.10.
2.	The District used a Food Service Fund clearing bank account(s) in accordance with USFR page X-F-5 and AG Opinion I60-35	The District did not clear the Food Service Fund clearing bank account to the County Treasurer for 7 of 12 months during the year. The balance uncleared at June 30, 2023, was \$133,385.27.

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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. A.R.S. §15-1125.	For 3 of 15 auxiliary operations receipts reviewed, sales were not reconciled to cash collected.
4.	The District supported deposits with issued receipts, cash receipt summary reports, mail logs, etc., and reconciled sales to amounts collected with summary reports or ticket logs.	For 1 of 15 miscellaneous cash receipts reviewed, a cash receipt summary report totaling the amount of cash received was not retained, nor did the District retain issued receipts as support.
5.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 2 of 15 miscellaneous cash receipts and 1 of 15 auxiliary operations cash receipts reviewed, the deposit was not made in a timely manner. Additionally, for 1 of 15 miscellaneous cash receipts received, a deposit slip was not retained; therefore, it could not be determined if cash was deposited timely.
6.	The District retained supporting documentation for disbursements from bank accounts.	For 1 of 5 M&O Fund revolving bank account disbursements reviewed, the District was unable to provide supporting documentation.
7.	An employee not involved with cash-handling or issuing checks reconciled all District bank accounts monthly, and an employee independent of the cash-handling process reviewed, signed, and dated the reconciliations.	The District did not perform monthly bank account reconciliations appropriately resulting in its auditors discovering cash in bank amounts reported in the District's accounting records did not agree to reconciled bank balances by \$(274,977) at year end.

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

	Question	Deficiency
1.	The District maintained a capital assets list that included all required information listed in the USFR for all land, land improvements, buildings, building improvements, and equipment with costs that exceed the District's adopted capitalization threshold.	The District's auditors reviewed the District's capital asset list and determined that the useful lives assigned to several assets were not reasonable and consistent with District policy.

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2.	The District's stewardship list for items costing at least \$1,000 but less than the District's capitalization threshold, including financed assets, included all required information.	The District did not properly maintain its stewardship listing as the District's auditors noted that the listing: 1) Did not appear to be updated annually for disposals. 2) Did not include the location or acquisition date for all of the items.
3.	The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.	The District did not properly tag and track capital assets and stewardship items as the District's auditors noted the following: 1) For 6 of 10 items selected from the stewardship and capital asset listings, the assets could not be located on the District premises. 2) For 3 of 10 items selected from the stewardship and capital asset listings, the items were located but were not tagged. 3) For 3 of 5 items selected from the premises, the items could not be found in the listing.
4.	The governing board or authorized designee approved stewardship and capital asset items disposed of during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with Arizona Administrative Code R7-2-1131.	For 3 of 5 surplus property disposals reviewed, the District did not maintain documentation to confirm surplus property disposals were governing board designee approved.

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 and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916.	The Career and Technical Education Projects Fund had a negative cash balance at year end of \$8,809.
2.	The District's Student Activities Fund disbursements and transfers of monies among student clubs were issued only when cash was available in the student club account and properly authorized by or on behalf of the student members of a particular club and documented in the club minutes.	The District had 31 student clubs with a negative cash balance at year end, totaling \$141,945.

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3.	The District properly prepared the Career Technical Education District (CTED) Supplanting worksheet and adequately supported that monies received from a CTED were used only for career and technical education and to supplement, rather than supplant, the District's base year career and technical education courses. A.R.S. §15-393	The District did not provide the CTED supplanting worksheet to the CTED.
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Credit cards and p-cards - The District should control credit cards and p-cards to help reduce the risk of unauthorized purchases and approve purchases to ensure compliance with competitive purchasing requirements in the USFR and School District Procurement Rules.

	Question	Deficiency
1.	The District'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 1 of 15 p-card transactions reviewed, the purchase was not for an authorized school purpose. Additionally, for 3 of 15 p-card transactions reviewed, documentation to verify the receipt of the prepaid item was not maintained.

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

	Question	Deficiency
1.	The District requested at least 3 written quotes for purchases costing at least \$10,000 but less than \$100,000 and followed the guidelines prescribed by the USFR.	For 1 of 15 written quotes reviewed, the District did not retain 3 written quotes. Additionally, for 1 of 15 written quotes reviewed, the District did not select the lowest quoted vendor and there was no written documentation to justify the selection.
2.	For any purchase of services from governing board members or goods or services from District employees, regardless of the expenditure amount, the District followed the School District Procurement Rules, except as authorized by A.R.S. §15-323.	Two employees with a conflict of interest did not properly complete the conflict-of-interest statement. These employees had a substantial interest in a business with which the District spent \$820 and \$396 during the fiscal year.

Payroll - The District should document the review, verification, and approval of payroll expenditures to ensure employees are appropriately compensated and payments to employees are supported by governing board approved contracts, pay rates, and terms of employment.

	Question	Deficiency
1.	The District's individual personnel files included all appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4.	For 1 of 5 employees reviewed, the personnel file was missing a direct deposit authorization.

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Student attendance reporting - The District should report accurate student membership and attendance information to ADE to ensure it receives the appropriate amount of State aid and/or local property taxes.		
	Question	Deficiency
1.	For students enrolled in both District and in CTED central program courses, the sum of the Average Daily Membership (ADM) was no more than 1.75 and the amount claimed by either entity was no more than 1.0. A.R.S. §15-393(Q)	For 2 of 7 students enrolled in both District and CTED central campus courses reviewed, the ADM total exceeded 1.75.
2.	The District maintained appropriate documentation and accurately reported students enrolled in its Arizona Online Instruction (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 all 7 AOI students reviewed, the District did not retain support to show the student's FTE was re-determined following withdrawal or after the end of the school year. Additionally, for 3 of 7 AOI attendance records reviewed, the hours reported on the guardian-approved daily log did not agree to the hours reported to ADE.
3.	The entry date in the computerized attendance system agreed to the entry form and was entered into the attendance system within 5 working days after the actual date of the student's enrollment. A.R.S §15-828.	For 1 of 15 entries reviewed, the entry date in the computerized attendance system did not agree to the entry form.
4.	The District obtained and maintained verifiable documentation of Arizona residency for enrolled students, including students in its AOI program. A.R.S. §15-802(B)(1) and ADE's Updated Residency Guidelines	For 1 of 15 entries reviewed, the District did not maintain verifiable documentation of Arizona residency.
5.	The District counted students withdrawn for having 10 consecutive unexcused absences in membership only through the last day of actual attendance or excused absence. A.R.S. §15-901(A)(1)	For 8 of 15 student attendance records reviewed for having 10 consecutive absences, the withdrawal date per the withdrawal form did not agree to the last day of attendance or excused absence.
6.	The District excluded nonresident students from the District's student count and State aid calculations and charged tuition as applicable. A.R.S. §15-823(G) and (L)	The District's auditors could not determine if the District should have excluded a student from the District's student count and state aid calculations because the District did not maintain verifiable documentation of Arizona residency.

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Transportation support - The District should accurately report its transportation miles and eligible student riders to ADE to ensure the District receives the appropriate amount of State aid and/or local property taxes.		
	Question	Deficiency
1.	The District accurately calculated and maintained documentation for miles and students reported on the Transportation Route Report submitted to ADE. A.R.S. §15-922	The total approved daily route miles reported on the TRAN 55-1 report were understated by 712.
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. www.azlibrary.gov/records	Independence High School did not retain student sign in and out logs for the first semester.