

## Roosevelt Elementary School District

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

List of deficiencies for the year ended June 30, 2024

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 District's management notified the Arizona Auditor General and appropriately resolved all allegations of theft, fraud, or misuse of District monies and assets in a timely manner.	The District received allegations of fraud of physical (non-cash) district assets during the year. These were from 2 employees and a timely investigation was completed by the District. As a result, both employees are no longer employed at the District but no confirmation could be made of the allegations. However, the District's management did not notify the Arizona Auditor General of the allegations.
2.	The governing board approved student clubs' and organizations' fund-raising events. A.R.S. §15-1121 and Attorney General Opinion I84-018	For 1 of 5 student activities cash receipts reviewed, the governing board did not approve the fundraising event.
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.	<ul style="list-style-type: none"><li>• The District did not provide support that the notices of public hearing for the December and March revised budgets were posted in accordance with the Arizona Department of Education (ADE) Submission and Publication Instructions.</li><li>• Additionally, the District did not provide documentation to support that the signed cover pages of the March and May (final) revised budgets were submitted to the Superintendent of Public Instruction within 5 days of submission.</li></ul>
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.	The District recorded IRS federal subsidy revenues as other local revenue rather than federal revenues.
2.	The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.	For 7 of 34 journal entries reviewed, the journal entry was not approved by an authorized person other than the preparer.

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3.	The District reconciled cash balances by fund monthly with the county school superintendent (CSS) or county treasurer's records, as applicable, and properly supported, documented, and dated the reconciliations.	Cash reconciliations with the county treasurer were not completed timely throughout the entire fiscal year. In addition, cash reconciliations were not prepared by fund, but rather in summary when comparing the cash with county balance.
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**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 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 10 auxiliary operations cash receipts reviewed, the District did not issue cash receipt forms to support cash received. In addition, for 2 of 10 auxiliary operations cash receipts reviewed, the District did not prepare a daily sales summary to reconcile sales to actual cash collected.
2.	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 all 5 student activities cash receipts reviewed, the District did not retain a cash receipt form to support cash received. In addition, for 4 of 5 student activities cash receipts reviewed, the District did not prepare daily sales summaries to reconcile sales to actual cash collected
3.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 1 of 5 student activities cash receipts reviewed, cash received (3/7/24) was not deposited (4/5/24) by the District in a timely manner.
4.	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 monthly bank reconciliations.	For 4 of 8 District bank accounts, reconciliations were not completed timely throughout the entire fiscal year.

**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 including financed assets on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually.	Five additions totaling \$31,866 and acquired 12/7/23 were not included in the fiscal year end capital asset listing.

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2.	The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.	<p>The following items were noted during review:</p> <ul style="list-style-type: none"> <li>For all 5 items selected from the stewardship listing, the item was not located on the premises.</li> <li>For 1 of 5 items selected from the capital asset listing, the item was not located on the premises.</li> <li>For 2 of 5 items selected from the capital asset listing, the items' tag numbers did not agree to the listing.</li> <li>For 2 of 5 items selected from the premises, the asset was missing from the stewardship or capital asset listing.</li> </ul>
3.	The governing board or authorized designee approved stewardship and capital asset disposals during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with the Arizona Administrative Code (A.A.C) R7-2-1131.	For all 5 property disposals reviewed, the District did not maintain support that the disposal was made in accordance with A.A.C. guidelines. In addition, these disposals were not governing board or 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 (PO) and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916.	For 3 of 50 disbursements reviewed, the purchase order was created after the invoice was received.
2.	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.	For 1 of 50 disbursements reviewed, the expenditure was not recorded in the correct fiscal year.
3.	The District prepared an Advice of Encumbrance for levy funds based on the list of liabilities for goods or services received but not paid for by June 30, including payroll, and filed it with the CSS by July 18. A.R.S. §15-906 (Districts authorized by A.R.S. §15-914.01 to participate in the accounting responsibility program should perform the duties as described in A.R.S. §15-304.)	The District did not prepare a list of liabilities.

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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 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.	The following items were noted during review: <ul style="list-style-type: none"><li>• The District did not provide an annual training for employees who make credit card purchases.</li><li>• The District does not have a credit card policy in place that states cash withdrawals are prohibited.</li><li>• For all 5 credit card transactions reviewed, the card user did not have a signed card user agreement on file.</li></ul>
2.	The District paid credit card and p-card statements before the due date to avoid finance charges and late fees.	Credit card statements were not always paid timely, resulting in \$1,044 of late fees.
Procurement—The District should follow the School District Procurement Rules and USFR purchasing guidelines for purchases it makes to promote fair and open competition among vendors that helps ensure the District receives the best value for the public monies it spends.		
	Question	Deficiency
1.	The District requested at least 3 written quotes for purchases costing at least \$10,000 but less than \$100,000 and followed the guidelines prescribed by the USFR.	For 3 of 15 written quotes reviewed, the District did not issue requests for quotes in sufficient time before the purchase was to be made to allow vendors to effectively respond. For 2 of 3 vendors the District only provided 24-hour notice for the requests for quotes to be returned.
2.	The District obtained signed procurement disclosure statements for all procurement consultants, members of a procurement advisory group, or evaluation committee involved in each specific procurement process. A.A.C. R7-2-1008	For 1 of 4 requests for proposals reviewed, the District did not maintain documentation that the District obtained signed procurement disclosure statements for all procurement consultants, members of a procurement advisory group, or evaluation committee involved in each specific procurement process.
3.	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	The District did not provide training or guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more in fiscal year 2024.
4.	The District prepared written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative. A.A.C. R7-2-1004 and A.R.S. §15-213(B)	The District did not retain prepared written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative.

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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 employee personnel files reviewed, the personnel file did not include a direct deposit authorization form.
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 followed the AFR—Review, Submission, and Publication Instructions.	The District did not submit the AFR to the CSS by October 15.
2.	The District submitted its prior year's audit reports and USFR Compliance Questionnaire to the CSS and ADE. A.R.S. §15-914(D)	The District did not file any prior year audit reports or the USFR Compliance Questionnaire with the CSS. The District did not file prior year financial statements or the USFR Compliance Questionnaire with ADE.
Student attendance reporting—The District should report accurate student membership and attendance information to ADE to ensure it receives the appropriate amount of State aid and/or local property taxes.		
	Question	Deficiency
1.	The District counted students withdrawn for having 10 consecutive unexcused absences in membership only through the last day of actual attendance or excused absence. A.R.S. §15-901(A)(1)	For 3 of 15 students withdrawn for having 10 consecutive unexcused absences reviewed, the students were not counted in membership through the last day of actual attendance or excused absence.
2.	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 15 withdrawals reviewed, the withdrawal form was not signed by a District Administrator.

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Information technology (IT)—The District should adopt an IT security framework that aligns with credible industry standards and through that framework the District should implement controls that provide reasonable assurance that its financial and student data is accurate, reliable, and secure.		
	Question	Deficiency
1.	The District had cloud computing, digital learning, and vendor contracts or data-sharing agreements in place with any 3rd parties accessing or hosting District data that addressed controls to support security and processing integrity, and backup procedures if applicable, before data was accessed/shared.	The District did not provide contracts or data-sharing agreements with 3 third parties accessing or hosting District data.
2.	The District's IT systems generated electronic audit trail reports or change logs with information about electronic transactions that the District reviewed or analyzed regularly to determine transactions' propriety.	The District's system can run audit logs, as necessary. However, the District does not have a process in place to run or review the audit trail reports or change logs on a regular basis to determine transactions' propriety.
3.	The District monitored and reviewed IT system-generated incident or error reports to identify network security threats or other unusual activity and addressed noted issues.	The District does not currently have a process in place to generate, monitor or review IT system-generated incident or error reports.