

Yuma Elementary 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 District annually obtained conflict-of-interest (COI) forms that allowed governing board members and employees to make known and fully disclose a COI in any contract, sale, purchase, service, or decision, and prior to accepting the forms, management reviewed the information to ensure governing board members and employees properly completed the form and sufficiently disclosed the required information. A.R.S. §§38-502 and 38-503	The District's auditors identified 3 employees that submitted COI forms but did not appropriately disclose conflicts involving relatives who performed sports-related services for District teams.
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 District did not provide documentation that the notice of public hearing for the proposed budget was posted in accordance with the Submission and Publication deadline. In addition, the District did not post the notice of public hearing at least 10 days before the meeting for the adopted and December revised budgets. Finally, the District did not provide documentation to support whether the signed cover page of the proposed, adopted, December, and May revised budgets were submitted to the Arizona Department of Education (ADE).

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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 following coding errors were noted on the District's general ledger:</p> <ol style="list-style-type: none"> 1. For 1 of 50 employees reviewed, the employee's pay was coded to function 2130—Health Services rather than function 2670—Safety. 2. A short-term subscription-based information technology arrangements (SBITA) was coded to object code 6300—Purchased Professional and Technical Services rather than 6655—Short-term Noninstructional Software Subscription. 3. A short-term SBITA was coded to object code 6610—General Supplies rather than 6655—Short-term Noninstructional Software Subscription. 4. A long-term SBITA was coded to object code 6643—Instructional Aids rather than 6833—Redemption of Principal—Instructional software subscriptions (more than 12 months) and 6843— Interest on Long-Term Debt—Instructional software subscriptions (more than 12 months). 5. A long-term SBITA was coded to object code 6642—Textbooks rather than objects 6833 and 6843. 6. Services and installation fees were incorrectly coded to object code 6832—Other principal payments on long-term obligations instead of object 6340—Technical Services.
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 3 of 25 journal entries reviewed, the journal entries were not approved by someone other than the preparer.
3.	The District documented a monthly reconciliation of its revenues, expenditures, transfers, and cash balances by fund monthly and at year-end, after all encumbrance transactions were recorded, to the county school superintendent (CSS) and county treasurer records, as applicable, and properly researched and resolved differences.	Cash reconciliations with the County Treasurer were performed monthly; however, the year-end reconciliation included remaining differences of \$14,309 that were not researched or resolved.

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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 Student Activities Fund monies were deposited in a bank or treasurer account designated as the Student Activities Fund account.	For 2 of 5 student activities cash receipts reviewed, the District did not provide cash register receipts or sequentially numbered cash receipt forms.
2.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 2 of 5 student activities cash receipts reviewed, the District did not provide cash register receipts or sequentially numbered handwritten cash receipt forms, therefore, auditors were unable to determine whether the deposits were made timely.
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 had security controls in place to help prevent theft, loss, unauthorized use, or damage to District property.	The District did not prepare and maintain mileage and use logs to ensure vehicles were used only for District business.
2.	The District recorded additions including financed assets on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually.	The District's initial capital asset listing included the following errors: <ol style="list-style-type: none"> 1. Construction expenditures of \$241,613 were misclassified as land improvements. 2. Construction expenditures of \$483,611 were incorrectly capitalized as buildings. 3. Two vehicle additions were incorrectly valued as they were netted with trade-in values. 4. Construction expenditures of \$158,360 related to costs incurred FY 2026 were incorrectly capitalized as FY 2025 additions.
3.	The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.	For 1 of 5 items selected from the premises, the location indicated on the listing was inaccurate. In addition, for 1 of 5 items selected from the capital asset listing, the item could not be located on the premises.

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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'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.	During FYs 2022 and 2023, the District's lack of separation of responsibilities allowed a former employee to direct unauthorized vendor payments to contracted substitute teachers for unworked hours and to make payments to a fictitious contracted employee, resulting in a cumulative loss of \$74,069 to the District.
2.	The District retained fully executed copies of each intergovernmental agreement (IGA) and payments for services were made or received, as applicable. A.R.S. §11-952	For 2 intergovernmental agreements reviewed, the District was a fiscal agent and did not provide participants with a monthly financial report of receipts and disbursements.
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.	A signed card user agreement could not be reviewed for 4 of 15 credit card and p-card transactions. Additionally, the District did not require annual training on the District's policies and procedures for all employees who make credit card purchases or process transactions.
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 3 of 15 credit card and p-card transactions reviewed, supporting documentation was not maintained to clearly identify the employee making the purchase. In addition, for 1 of 5 purchasing card transactions reviewed that consisted of prepaid purchases, the District did not verify and document the receipt of prepaid items. Finally, for 1 of 15 credit card and p-card transactions reviewed, supporting documentation was not provided.

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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 included all required content in the solicitation, as applicable. Arizona Administration Code (A.A.C.) R7-2-1024(B) or R7-2-1042(A)	For 1 of 11 sealed procurements reviewed, the solicitation did not include all the required information; specifically, 1 request for proposal (RFP) did not include a statement that discussions may be conducted with offerors determined to be reasonably susceptible of being awarded a contract and whether the school district will consider partial proposals for award of a contract.
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 11 sealed procurements reviewed, the District did not maintain signed procurement disclosure statements for employees with job responsibilities related to the procurement.
3.	The District's governing board approved all sole-source procurements before any purchases were made, and the written determinations were retained in the procurement files. A.A.C. R7-2-1053 and R7-2-1086	For all sole source vendors reviewed, the written determinations did not include all information required by A.A.C. R7-2-1053.
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.	Budgeted expenditures reported on the AFR agreed with the District's most recently revised adopted expenditure budget.	Budgeted expenditures reported on the AFR did not agree to the most recently revised expenditure budget for Fund 374—E-Rate, Fund 378—Impact Aid, and Funds 300-399—Other Federal Projects.
2.	The District properly prepared the Food Service page of the AFR and reported expenditures from the Maintenance and Operations (M&O) Fund 001 and Capital Fund 610 that agreed with the District's accounting records.	The food service match of \$943,654 in the M&O Fund did not agree to the District's accounting records of \$942,531.

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3.	The District's website home page included its average teacher salary information, separately from the budget, required by A.R.S. §15-903(E) and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report, required by A.R.S. §41-1279.03(A)(9).	The District's website did not include a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report.
4.	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 submit the prior year audit reports and USFR Compliance Questionnaire to 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 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 3 of 7 AOI attendance records reviewed, the hours reported on the guardian-approved or District computer-generated daily log did not agree to the hours reported to ADE. In addition, for 4 of 7 AOI students reviewed, Intended Full Time Equivalency Enrollment Statements were not maintained.
2.	The entry date in the computerized attendance system agreed to the entry form.	For 2 of 15 entries reviewed, the date on the enrollment form did not agree to the entry date in the computerized attendance system. In addition, for 2 of 15 entries reviewed, the enrollment date was not documented on the entry form.
3.	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 1 of 15 withdrawals reviewed, the date in the computerized system did not agree to the withdrawal date on the withdrawal form.
4.	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 attendance records reviewed for 10 consecutive unexcused absences, the student was not counted in membership through the last day of actual attendance or excused absence.

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 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 did not adequately separate the responsibilities for authorizing access and assigning access within the financial reporting system. One employee was responsible for authorizing and assigning access levels.

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2.	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 maintain a vendor contract or data sharing agreement that addressed third-party data security and processing integrity controls related to the financial accounting system and other District applications.
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