

# Pima Accommodation School District

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

List of deficiencies for the year ended June 30, 2025

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 did not obtain COI forms annually. Conflict of interest forms were obtained upon hire.
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 completed its revised expenditure budget before May 15 and filed it electronically with the Superintendent of Public Instruction by May 18. A.R.S. §15-905(I).	The District did not complete a final revised expenditure budget.
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 coded administrative and financial services of \$500,000 performed by the county school superintendent (CSS) to function code 2000—Support Services rather than function code 2500—Central Services. In addition, short-term noninstructional software subscriptions of \$15,618 were not coded to object code 6655—Short-term Noninstructional Software Subscription.
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 1 of 8 journal entries reviewed, the journal entry was not approved by someone other than the preparer. In addition, the journal entry was not supported by proper documentation.

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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 CSS and county treasurer records, as applicable, and properly researched and resolved differences.	Cash reconciliations with the County Treasurer (performed by the CSS Office) were not always completed appropriately as follows: <ul style="list-style-type: none"> <li>• Six of the monthly reconciliations prepared by the CSS Office were completed between 4 and 9 months after the close of the respective months.</li> <li>• While reconciling items were identified each month, adjustments were not posted to the financial records to correctly state cash balances and related activity.</li> <li>• The year end reconciliation performed by the CSS Office identified a number of reconciling items that remained unresolved (by both the CSS Office and the District).</li> <li>• Adjustments of \$28,362 were necessary to correct cash balance differences between the District and the CSS Office.</li> <li>• Adjustments of \$22,558 were necessary to recognize revenues received by the County Treasurer, but not recorded by either the District or the CSS Office.</li> </ul>
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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 District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 1 of 5 cash receipts reviewed, the deposit was not made timely. Cash was deposited 10 days after receipt.

**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'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.	Several stewardship items do not include a physical location field.
2.	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 item was not on the stewardship or capital asset list. For 1 of 5 stewardship items and 4 of 5 capital asset items selected from the lists, the assets/items could not be located.

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3.	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.	The District performed a physical inventory in December 2023, however, the District has not fully reconciled the inventory results to the stewardship and capital assets lists.			
<b>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.</b>					
<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
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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.	The County, City, and Town Grants Fund had a deficit cash balance of \$23,351 at year end. In addition, several purchase orders were not closed out at year end.			
2.	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 an Advice of Encumbrance.			
<b>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.</b>					
<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 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 all 5 p-card purchases reviewed, a signed card user agreement was not maintained. In addition, the District did not maintain documentation that an annual training occurred for all card users and employees involved with processing 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 2 of 5 p-card purchases reviewed, the employee making the purchase was not clearly identified.			

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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 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 purchase reviewed costing at least \$10,000 but less than \$100,000, only 2 quotes were obtained.
2.	The District properly procured expenditures that individually or cumulatively totaled over \$100,000.	For 1 purchase exceeding \$100,000, the District did not maintain documentation that a competitive sealed bid or proposal was properly procured.
3.	The District performed due diligence to support the use of each cooperative or lead district contract the District made purchases from during the audit period. A.A.C. R7-2-1191(D)	The District did not maintain documentation that adequate due diligence was performed for 1 purchase through a Mohave cooperative contract.
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 maintain written determination, including how the determination was made, for 1 purchase made from a Mohave cooperative contract.
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-4 through 6.	For 2 of 5 employees reviewed, the personnel file did not include the background investigation form. In addition, for 2 of 5 employees reviewed, the personnel file did not include the Fingerprint Certification Form.
2.	The District ensured that valid fingerprint clearance cards were on file for all required personnel and a method to identify employees whose cards were going to expire was in place. A.R.S. §§15-512, 15-342, and 41-1750(G)	For 1 of 5 employees reviewed, the personnel file only included an expired Fingerprint Certification Form.

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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 completed and submitted all parts of the AFR reporting package, including the school-level reporting AFR, using its accounting data in the files and reported additional information required in the forms, such as revenue and expenditure amounts that were not automatically pulled from its accounting and student count data, and maintained applicable supporting documentation. A.R.S. §15-904(F)	Actual expenditures reported on the AFR did not agree to the District's accounting records for the General Fund and ESSER III Fund by \$1,853 and \$(1,853), respectively. In addition, after using its accounting data to populate the AFR, the District posted adjusting entries for cash and beginning fund balance to its accounting records for several funds and did not resubmit its AFR.
2.	Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.	Payroll wages of \$7,760 for hours worked in July 2025 were inappropriately recorded in fiscal year 2025, rather than fiscal year 2026.

**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 entry date in the computerized attendance system agreed to the entry form.	For 3 of 10 entries reviewed, the entry date per the entry form did not agree to the entry date in the computerized attendance system.
2.	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 10 entries reviewed, the District did not maintain adequate verifiable documentation of Arizona residency.
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 3 of 10 withdrawals reviewed, the dates in the computerized attendance system did not agree to the withdrawal dates on the withdrawal forms.
4.	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)	For 1 of 10 entries reviewed, the District did not maintain adequate verifiable documentation of Arizona residency. As a result, it could not be determined if the student should have been excluded from the District's student count and state aid calculations or if the student should have been charged tuition.