

Peach Springs Unified 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 governing board received monthly Student Activities Fund Reports of Cash Receipts, Disbursements, Transfers, and Cash Balances that were accurately prepared. A.R.S. §15-1123	Documentation that the Governing Board received monthly Student Activities Fund Reports of Cash Receipts, Disbursements, Transfers, and Cash Balances was not maintained.
2.	The governing board approved student clubs' and organizations' fundraising events. A.R.S. §15-1121 and Attorney General Opinion I84-018	Documentation was not maintained to support student activities fundraising activities were 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 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 a link to the Arizona Department of Education's (ADE) website where budget information is presented. The link was navigating to an outdated ADE website.

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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 Uniform System of Financial Records Chart of Accounts.	<p>The District's auditors noted the following:</p> <ul style="list-style-type: none"> • For 1 of 6 travel reimbursements tested, an expenditure that appeared to be partially related to student travel was coded to object code 6580—Travel rather than to object code 6890—Miscellaneous Purchased Service. • For 1 of 15 general disbursements tested, non-technology repair services were coded to object code 6430—Repairs and Maintenance Services rather than to object code 6431—Nontechnology-Related Repairs and Maintenance. • Revenues for insurance and teacherage of \$20,482 were incorrectly recorded to Fund 001—Maintenance and Operation (M&O) rather than to Funds 855—Employee Insurance Program Withholding and 580—Teacherage, respectively. • Impact aid construction monies of \$30,063 were improperly recorded to Fund 378—Impact Aid rather than to Fund 699—Federal Impact Aid (Construction).
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 12 of 23 journal entries tested, documentation was not maintained to support the journal entry. In addition, for 5 of 23 journal entries tested, the entry was not approved by someone other than the preparer.
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 1 of 5 auxiliary operations cash receipts tested, documentation was not maintained to support that the cash collection was compared to ticket or item sales or what the cash collections were related to.

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2.	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.	Bank fees were noted within the electronic payments clearing bank account.
3.	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 4 of 15 revenue transactions tested, cash collection forms, ticket logs, or individual cash receipts were not maintained to support the sales amounts related to total cash collected for deposit.
4.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 6 of 15 cash receipts tested, deposits were not made timely. Untimely deposits were made between 11 and 125 days after receipt. In addition, for 3 of 15 cash receipts tested, information to document when the cash was collected was not maintained, and therefore, the District's auditors were unable to determine if the cash was deposited timely.
5.	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.	The District did not perform bank reconciliations on the payroll clearing or electronic payments bank accounts during the fiscal year.
6.	The District tracked and reconciled the number of meals sold to the total cash collected per day.	For all 3 Food Service Fund deposits tested, the District did not provide support indicating that the District tracked and reconciled the number of meals sold to the total cash collected per day.

Travel—The District should ensure employee travel is for an approved District purpose and travel reimbursements are correctly calculated and appropriately supported by travel documentation.

	Question	Deficiency
1.	The District's travel expenditures (lodging, meals, and incidentals) and mileage reimbursements were for District purposes and reimbursed within the maximum reimbursement amounts established by the Director of the Arizona Department of Administration (ADOA) and in accordance with governing-board-prescribed policies and procedures. Amounts were reimbursed and reported as a taxable employee benefit if no overnight stay or no substantial sleep/rest occurred. A.R.S. §15-342(5)	For all 5 mileage reimbursements tested, the appropriate ADOA rate was not used to reimburse the employee which led to an overpayment of \$44.94. For the only hotel reimbursement tested, no invoice or reimbursement request was maintained to support the purchase.

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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.	For all 10 credit card transactions tested, signed card user agreements were not maintained. In addition, documentation was not provided to support a yearly formal training was provided to all employees that used credit cards.
2.	The District's management periodically reviewed purchases for unauthorized vendors and purchases over approved limits and/or purchases that circumvent the procurement rules and District policies.	For 3 of 10 credit card transactions tested, no documentation was provided to support the purchase to determine if any approvals were documented over the purchases being made.
3.	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 10 credit card transactions tested, receipts were not maintained to support the purchase made. In addition, for all 10 credit card transactions tested, a purchase order was not maintained to support the approval of the purchase being made.
4.	The District paid credit card and p-card statements before the due date to avoid finance charges and late fees.	For 5 of 10 credit card statements reviewed, finance charges and late fees of \$641.33 were incurred.
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 4 of 5 purchases costing at least \$10,000 but less than \$100,000, the District did not retain documentation to verify 3 written quotes were obtained. Documentation was not provided that these purchases were made through another procurement method (cooperative purchase, sole-source, etc.).

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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-4 through 6.	For 1 of 7 employees tested, an I-9 form was not maintained. In addition, for 1 of 7 employees tested, an A4 form was not maintained.
2.	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 following District policies.	The District's accrued vacation and sick leave policies did not explicitly identify the rate and amount to be paid upon separation from employment for each employee classification.
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 amounts for Funds 210—ESEA Title VI, 855—Employee Insurance Program Withholding, and 401—School Safety Program did not agree between the AFR and the latest revised budget.
2.	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)	Multiple revenues and expenditures as reported on the AFR did not agree with the District's accounting records.
3.	The District properly prepared the Food Service page of the AFR and reported expenditures from the M&O Fund 001 and Capital Fund 610 that agreed with the District's accounting records.	The District's food service expenditures on the AFR did not agree with the District's accounting records. The food service management fee expense line was overstated by \$3,040.

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4.	Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.	The following audit adjustments were necessary to properly record revenue within the correct fiscal year: <ul style="list-style-type: none"> • \$25,265 for food service reimbursements. • \$178,812 for ADE grant reimbursements. • \$5,758 for instructional improvement funding. • \$8,033 for one-time State aid funding. • \$45,804 for State equalization assistance.
5.	The District submitted the School District Employee Report (SDER) to ADE, and it was accurate and timely for ADE to calculate the Teacher Experience Index (TEI). A.R.S. §15-941 and School Finance Reports	The District did not submit the SDER 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 entry date in the computerized attendance system agreed to the entry form.	For 3 of 5 student entries tested, enrollment forms were not maintained to support the entry information entered within the computerized attendance system.
2.	The District obtained and maintained verifiable documentation of Arizona residency for enrolled students, including students in its Arizona Online Instruction program. A.R.S. §15-802(B)(1) and ADE's Updated Residency Guidelines	For 1 of 5 student entries tested, verifiable documentation of Arizona residency was not maintained for the student.
3.	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 1 of 5 students tested for 10 consecutive unexcused absences, a withdrawal form was not maintained to support the student's 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.	Three District employees have full access to all modules within the financial system.

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2.	The District assessed security risks for its systems and data, implemented appropriate controls to address risks, and provided employees/contractors annual security awareness training.	The District did not have a formal risk assessment policy in place for the fiscal year ending June 30, 2025.
3.	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 information documenting that data-sharing agreements are received and in place addressing security access restrictions.

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 submitted the vehicle inventory report by July 15 to the Superintendent of Public Instruction. ADE Transportation Manual	The District did not submit the vehicle inventory report to the Superintendent of Public Instruction.

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. Retention Schedules Arizona State Library (azlibrary.gov)	District records have been maintained past the retention period based on the District's policies in accordance with Arizona State Library, Archives and Public Records guidelines.