Williams Unified School District

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

List of deficiencies

	Question	Deficiency
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.		
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	One District employee did not properly complete the COI form and sufficiently disclose the required information. Further, for 2 of 19 employee files tested, the District was unable to locate the employee's COI forms.
2.	The District maintained, for public inspection, a special file with all documents necessary to memorialize all governing board members and employees COI disclosures. A.R.S. §38-509	The District did not maintain a special file for public inspection of all documents necessary to memorialize all disclosures of substantial interest.
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 submit the signed cover page of the adopted budget to the Arizona Department of Education (ADE) within 5 days of electronic submission. In addition, the District did not retain documentation that the signed budget cover page was filed with ADE for the final 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.	In FY 2024, the District recorded insurance expenses totaling $608,051 as miscellaneous expenses rather than employee health insurance. Further, the District incorrectly classified 6 transactions totaling $35,126. For example, the District erroneously recorded $26,158 in federal grants as rental income rather than federal grant revenues.

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 a Food Service Fund clearing bank account(s) in accordance with USFR page X-F-5 and Arizona Attorney General Opinion I60-35.	The District's Food Service Fund clearing bank account was not remitted to the County Treasurer at least monthly.
2.	The District separated responsibilities for cash-handling and recordkeeping among employees (i.e., receiving, depositing, and recording revenues), to safeguard monies.	For 31 fiscal year (FY) 2024 cash receipt transactions tested, the business manager had conflicting responsibilities such as preparing deposits and safeguarding cash, reconciling cash receipts to deposits, and recording cash receipt transactions in the accounting system.
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.	In FY 2024, the District received gift cards donated by a local business but they were not accepted and approved by the District's Governing Board and were not recorded in the District's accounting records.
4.	The District retained supporting documentation for disbursements from bank accounts.	For 1 of 5 Maintenance & Operations Fund revolving bank account disbursements reviewed, the District did not retain supporting documentation for the expenditure.

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 allowed employees to check out and obtain fleet vehicle keys from its business office, but it did not require drivers to log information such as the purpose of the trip and vehicle mileage.
2.	The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.	For 4 of 15 stewardship and capital asset items reviewed, the tag did not match the listing. In addition, for 1 of 5 stewardship items selected from the listing, the item could not be located on the premises. Finally, for 2 of 5 stewardship items selected from the listing, the location where the item was found did not match the listing.

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 separated responsibilities for expenditure processing among employees (i.e., voucher preparation, recordkeeping, and authorization).	In FY 2024, the District had 1 employee responsible for purchasing, safeguarding, and disbursing gift cards related to its participation in the federal McKinney-Vento grant program to provide resources and services to children and youth who were experiencing homelessness. The District did not require a different employee to routinely reconcile the numbers of purchased and donated gift cards to those that remained on-hand or had been disbursed to ensure all program gift cards were properly controlled.
2.	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 District reported negative cash balances in Fund 511—Food Service and Fund 596—Career Technical Education, both of which are cash-controlled funds.

3.	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 50 disbursements reviewed, the auditors noted the following deficiencies: • For 10 disbursements, the District did not document when the goods or services were received. Therefore, it could not be determined that the goods or services were received prior to payment. Additionally, the items on the purchase orders could not be agreed to the receiving reports since no receiving reports were prepared. • For 1 disbursement, the District did not retain evidence of payment. Therefore, it could not be determined when the good or service was paid for. Additionally, the District did not have adequate internal controls over federal-program gift cards disbursed to families between July 2022 and November 2025. A review of 240 gift card disbursement forms found that: • For 133 gift cards disbursed, the District's gift card disbursement form was not signed by a qualified student's guardian to document receipt or document the guardian's consent to release the gift card without a signature. • For 33 gift cards, the District did not include the assigned sequential number of the gift card being disbursed. This limited the District's ability to ensure each card was accounted for and increased the risk that gift card thefts could go undetected. • The District did not disburse the gift cards in sequential order. For example, according to District records we reviewed, Safeway gift card number 1736 was disbursed after Safeway gift card numbers 1739 through 1743. • There were 10 instances where District staff documented that they distributed the same gift card to more than 1 individual.
4.	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 submit the CTED Supplanting worksheet to either ADE or the CTED in a timely manner.

	Question	Deficiency
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 16 of 48 FY 2024 travel-related expenditures reviewed, the District lacked required supporting documentation. Additionally, for 8 travel reimbursement requests reviewed, 3 lacked the required administrator's signature approving them for payment. Finally, for 15 of 27 FY 2024 hotel expenditures reviewed, the District paid a total of $2,854 more than State of Arizona Accounting Manual's maximum allowable lodging rates.
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 1 of 5 credit card transactions reviewed, the District did not maintain a signed card user agreement. Further, the District's credit card agreements were not sufficiently detailed to ensure card users were aware of all District expectations and requirements. The District also did not ensure that staff returned cards timely.
2.	The District ensured someone other than a card user reconciled credit card and p-card supporting documentation and billing statements.	The District did not retain the Home Depot credit card statements for July 2024 - December 2024. In addition, the District failed to properly reconcile, record, and account for its credit card expenditures.

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.	The District did not have adequate internal controls over credit cards. Specifically, in FY 2024: • For 12 of 32 non-travel-related credit card purchases totaling $12,405, the District lacked supporting documentation. • The District allowed multiple employees to use the superintendent's credit card and did not maintain documentation for which card user made specific purchases. • The District did not have a process to ensure that the superintendent's travel and credit card expenditures were approved in advance and reviewed by the Governing Board.
4.	The District paid credit card and p-card statements before the due date to avoid finance charges and late fees.	The District did not always pay credit card statements timely, resulting in finance charges of $318.
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.	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.	The District did not follow the School District Procurement Rules for a purchase made from an employee-owned company. The District spent $350 with the vendor.
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 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.	For 3 of 5 employees reviewed, the employee's beginning leave balance did not agree to the prior year's ending leave balance.
2.	The District's payroll reports were properly reviewed and approved before processing and distribution to employees.	For 1 of 25 payroll records reviewed, the employee's contract rate was incorrectly input into the District's financial accounting system, resulting in a net overpayment of $300.

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	Question	Deficiency
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.	Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.	In FY 2024, 48 transactions consisting of $7,038 in expenditures and $2,240 in refunds were listed on District credit card statements but were not recorded in the District's accounting system.
2.	The District submitted its prior year's audit reports and USFR Compliance Questionnaire to the County Superintendent of Schools and ADE. A.R.S. §15-914(D)	The District did not submit its prior year 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.	If the District had an early (pre-) kindergarten program, the District calculated and submitted membership information for early (pre-) kindergarten students' attendance records for this program only for students with disabilities. A.R.S. §15-901(A)(1)(a)(i) and USFR Memorandum No. 175	For 2 of 3 pre-kindergarten students reviewed for which membership was submitted, the student was not eligible for special education services.
2.	For students enrolled in a program provided by a Career Technical Education District(CTED) in a facility the District owned or operated (satellite programs), the District reported the actual enrollment for only the District classes the student was enrolled in at the District's school (excluding CTED program classes) under the District's CTDS number.	For 2 of 3 CTED satellite students reviewed, the Full-Time Enrollment (FTE) reported by the District was 1.0, however, the reported FTE should have been 0.75.
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 attendance records reviewed for students that were withdrawn for 10 consecutive absences, the withdrawal date was not the actual last day of 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.	For 6 of 9 accounting information system users reviewed, the users had more access than necessary to perform their job duties. Further, 3 of these users had administrative-level access.
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.	Approximately 40% of the District's employees did not complete the District's required cybersecurity course in FY 2024.
3.	The District immediately and appropriately modified terminated or transferred employees', contractors', or vendors' access to all District systems.	The performance audit review of 150 network user accounts, conducted in August 2025, identified 23 that were unnecessary but had not been disabled. The unnecessary user accounts included 6 that had administrator-level access. These accounts were associated with former contractors, terminated employees, or accounts that the District was unable to identify. Further, 1 of 8 student information system user accounts tested retained administrator level access that was no longer necessary.
4.	The District enforced data security policies related to passwords and user authentication that aligned with credible industry standards.	The performance audit review, conducted in August 2025, found that the District had not implemented essential safeguards to prevent unauthorized access to its wireless networks and sensitive District data.
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 total vehicle inventory miles reported on TRAN40-2 did not agree to the actual miles reported on the District's TRAN-03-1. Additionally, for 4 of 5 vehicle mileages reviewed, the mileage logs did not agree to TRAN 03-1.