



STATUS REVIEW REPORT

District in substantial compliance with the USFR

Our Conclusion

Pearce Elementary School District is responsible for complying with the *Uniform System of Financial Records* (USFR). Our Office is responsible for determining whether the District has complied with the USFR. Based on our review of the fiscal year 2013 financial audit reports and the USFR Compliance Questionnaire, the District was not in compliance for that year.

We subsequently performed a status review to determine whether the District made improvements to comply with the USFR. Based on this review, we determined that, as of January 14, 2015, the District substantially complied with the policies and procedures described in the USFR. However, we found weaknesses that the District should address to improve its financial accountability. We summarize the most significant findings, which are related to property control and student activities, in this report.

We performed a status review of Pearce Elementary School District to determine if the District had made improvements to comply with the USFR and found that it was in substantial compliance as of January 14, 2015.

Pearce Elementary School District is responsible for complying with the USFR. Our Office is responsible for determining whether the District has complied with the USFR. Previously, we notified the District that it had not complied with the USFR based on our review of its fiscal year 2013 financial audit reports and USFR Compliance Questionnaire prepared by an independent certified public accounting firm.

The *Uniform System of Financial Records* (USFR) prescribes the minimum internal control policies and procedures for Arizona school districts. The policies and procedures in the USFR are designed to help school districts maintain adequate financial accountability and compliance with state and federal laws and regulations.

We performed a status review as of January 14, 2015, to determine if the District had made improvements to substantially comply with the USFR. Based on our review of the District's records and procedures, and interviews with personnel, we determined that the District substantially complied with the policies and procedures described in the USFR.

District should improve controls over property and student activities

Although the District substantially complied with the USFR as of January 2015, we found some weaknesses in its internal controls. We summarize the most significant findings and recommendations below.

Property Control

Although the District invests significant resources in acquiring and maintaining district property, including buildings and equipment, the District did not properly control, safeguard, and accurately report its property to protect it from loss and theft. Maintaining complete and accurate lists of district property is an essential part of protecting it. Although the District performed an inventory of equipment items, the District had not reconciled the inventory results to the property control lists. In addition, the lists were not updated for items that had been disposed of or stolen, and the District did not maintain documentation that the Governing Board had approved the disposals. Further, the property control lists did not include identifying numbers or accurate locations for all items, and the District did not always clearly tag or mark district property with an identifying number.



2015

Recommendation

The District should continue to improve its property control system to protect district property.

Student activities

Because of the relatively high risk of fraud, theft, or misuse associated with cash transactions, cash must be safeguarded and properly accounted for; however, the District did not adequately safeguard student monies. Specifically, the District did not adequately document the amount of student monies received to ensure that it deposited all monies collected and did not make some deposits in a timely manner, increasing the risk that monies could be lost or stolen. Further, the District did not always maintain documentation of student approval for disbursements made from the Student Activities Fund bank account.

Recommendation

The District should strengthen controls over cash to protect student monies.