

Ganado Unified School District

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

List of deficiencies for the year ended June 30, 2021

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 was not provided that 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.
2.	The governing board approved student clubs' and organizations' fund-raising events. A.R.S. §15-1121	Documentation was not provided for the three student activity deposits made during fiscal year (FY) 2021. As such it could not be determined if the deposits were for fundraising events that should have been approved by the governing board.
3.	The governing board appointed a student activities treasurer and, if applicable, assistant student activities treasurers. A.R.S. §15-1122	Documentation was not provided that the governing board appointed a student activities treasurer. A.R.S. §15-1122
4.	The District annually provided guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees. A.R.S. §38-502 and A.R.S. §38-509	The District did not provide annual guidance to all governing board members and employees on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees.
5.	The District held governing board meetings in accordance with A.R.S. §§38-431 to 38-431.09, and prepared and retained written minutes and/or recordings.	Documentation was not provided to verify that the Board minutes were made available for public inspection within 3 working days after a Board meeting, as the copies of the minutes do not indicate the date they were completed and made available to the public.

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 revenues were not coded in accordance with the USFR Chart of Accounts:</p> <ul style="list-style-type: none"> Two deposits for housing rent totaling \$490 were deposited to the miscellaneous receipts bank account and coded to Fund 515 - Civic Center and should have been recorded to Fund 580 - Teacherage. Loyalty credit from prior year workman's compensation was coded to Fund 001 - Maintenance & Operation as local revenue, and should have been recorded to Fund 585 - Insurance Refund. Johnson-O'Malley revenues were coded to "Object 1980 - Refund of Prior Year's Expenditures" and should have been recorded to "Object 4700 - Revenue Received from the Federal Government through Other intermediate Agencies". <p>The following expenditures were not coded in accordance with the USFR Chart of Accounts:</p> <ul style="list-style-type: none"> Special Education Tuition was coded to Object 6330 - Other Professional Services and should have been coded to "Object 6563 - Tuition to Private Schools".

Ganado Unified School District

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

List of deficiencies for the year ended June 30, 2021

		<ul style="list-style-type: none"> Maintenance supplies were coded to Function 2790 - Other Student Transportation and should have been coded to "Function 2600 - Operation and Maintenance of Plant". Three travel expenditures for conference registration fees were coded to Object 6580 – Travel and should have been coded to Object 6300 – Purchased Professional and Technical Services. <p>In addition, the District did not record the revenues and expenditures for \$483,820 E-rate payments that were made directly to vendors from USAC.</p>
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.	One of twenty-five adjusting journal entries (AJE) reviewed was not properly supported with documents attached to the AJE to assist the reviewer in determining that the AJE posted was proper and accurate.
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 miscellaneous receipts clearing bank account(s) in accordance with A.R.S. §15-341(A)(20).	A total of \$5,175 was deposited to the miscellaneous receipts clearing account during FY 2021. It was noted that the monies deposited were only deposited to the County three times during the FY and should have been deposited at least monthly. In addition, it was noted that the July 1, 2020 beginning balance of \$6,294 was not deposited to the County and remained in the account as of June 30, 2021.
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 totaling \$319 were not reimbursed to the miscellaneous receipts account.
3.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal supporting documentation.	Documentation was not provided for the three student activity deposits made during FY 2021. As such it could not be determined if the deposits were properly supported and deposited in a timely manner.
4.	The Student Activities Fund monies were deposited in a bank or treasurer account designated as the Student Activities Fund account.	
5.	The District adequately supported deposits with issued receipts, cash receipt summary reports, mail logs, etc., and reconciled sales to amounts collected with summary reports or ticket logs.	
6.	All District bank accounts were reconciled monthly by an employee not involved with cash handling or issuing checks, and reconciliations were reviewed, signed, and dated by an employee independent of the cash-handling process.	
		The District has nine bank accounts with a total of \$178,485 held in the bank accounts as of June 30, 2021. The bank accounts were not reconciled during FY 2021.

Ganado Unified School District

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

List of deficiencies for the year ended June 30, 2021

Supplies inventory - The District should physically safeguard and report supply inventories to prevent theft, overstocking, understocking, spoilage, and obsolescence.		
	Question	Deficiency
1.	The District physically safeguarded supply inventories to prevent unauthorized use, theft, damage, and obsolescence and enable accurate financial reporting.	A general supplies inventory report as of June 30, 2021, was not provided.
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 properly tagged assets and updated asset lists.	One of five item selected from the capital asset list was deemed to have been disposed in 2018. In addition, two of five items selected from the stewardship list were not located.
2.	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 did not conduct a physical inventory of all equipment at least every 3 years. The inventory of capital assets was last done July 2017.
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 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, A.R.S. §15-304, A.R.S. §15-907, and A.R.S. §15-916.	The District did not ensure that sufficient cash was available in cash-controlled funds, resulting in a negative cash balance of \$127,901 in Fund 510 - Food Service, and \$33,925 in Fund 580 - Teacherage.
2.	The District prepared an Advice of Encumbrance for levy funds with 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.)	Documentation was not provided to support if the Advice of Encumbrance was filed with the CSS by July 18.
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 provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more. A.R.S. §15-213(N) and R7-2-1003	Documentation was not provided to determine if the District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more.
2.	The District prepared written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative, including how the determination to use the contract was made. R7-2-1004	A written determination was not provided for architectural services purchased through a school purchasing cooperative.

Ganado Unified School District

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

List of deficiencies for the year ended June 30, 2021

Classroom site fund - The District should ensure it appropriately spends the State sales tax revenues for teacher pay and programs to support students, such as class size reduction, dropout prevention, and tutoring, as required by law.

	Question	Deficiency
1.	The District's CSF monies were used to supplement, rather than supplant, existing funding from all other sources.	It was noted that monies from Fund 011 were used to pay part of employees' base salaries. For the five employees reviewed, it was noted that the funding of their base salary from funds other than 011 was reduced by an average of \$944 while the funding from Fund 011 for each employee was increased by \$700 in FY 2021. This would indicate the District supplanted base salary funding with monies from Fund 011.

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 ensured hourly employees were not paid for more than the actual hours worked to date.	For 10 out of 10 hourly employees selected for review that were paid on a salaried prorated basis, timecards and leave records were not provided to support if they worked the correct number of annual hours required per their contract.
2.	The District enrolled employees who met the ASRS membership criteria, withheld employee contributions, and in a timely manner remitted employee and District contributions in accordance with the ASRS Employer Manual.	Documentation was not provided to determine if four employees without ASRS withholdings or alternative contribution rate (ACR) contributions were required to be enrolled in ASRS by working 20 or more hours for 20 or more weeks in FY 2021 or were retired employees returning to work.
3.	The District accurately calculated and in a timely manner remitted the alternative contribution rate payments to ASRS for all applicable positions filled by ASRS retirees. ASRS Alternate Contribution Rate	The District did not accurately calculate and remit the ACR payments for two ASRS retirees. The total FY 2021 ACR payment for the two employees should have been \$11,961.24 while the District only remitted \$10,805.37, resulting in an underpayment of ACR totaling \$1,155.87.
4.	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.	Annual leave buy-backs were done for 13 employees totaling \$12,028, even though the District did not have an official annual leave buy-back policy.
5.	Attendance records were prepared for each pay period for each employee subject to the Fair Labor Standards Act (FLSA) and were approved by the employee and the employee's supervisor.	Timecards were not provided for 5 out of 10 hourly employees for the payroll period selected for review. As such it could not be determined if the timecards were properly authorized and supported the amounts paid. In addition, for one employee that a timecard was received for their timecard did not match the required work hours per their contract.

Ganado Unified School District

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

List of deficiencies for the year ended June 30, 2021

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 reported revenue and expenditure amounts on the AFR that agreed with the District's accounting records and applicable supporting documentation.	<p>Revenues as reported on the AFR did not agree with the District's accounting records for the following funds:</p> <table border="1"> <thead> <tr> <th>Fund</th> <th>AFR Revenues</th> <th>District Records</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>374</td> <td>\$30,295</td> <td>\$163,310</td> <td>\$133,015</td> </tr> <tr> <td>300-399</td> <td>\$11,041,991</td> <td>\$260,628</td> <td>\$10,781,363</td> </tr> </tbody> </table>	Fund	AFR Revenues	District Records	Difference	374	\$30,295	\$163,310	\$133,015	300-399	\$11,041,991	\$260,628	\$10,781,363
Fund	AFR Revenues	District Records	Difference											
374	\$30,295	\$163,310	\$133,015											
300-399	\$11,041,991	\$260,628	\$10,781,363											
2.	The District prepared the AFR and AFR summary (if one was prepared) with all information as required by A.R.S. §15-905, and followed the AFR Review, Submission, and Publication Instructions, and A.R.S. §15-904.	The AFR was filed electronically with the CSS and the Superintendent of Public Instruction on October 27, 12 days after the October 15th deadline.												
3.	The District submitted the School District Employee Report (SDER) to ADE, and it was accurate and timely. A.R.S. §15-941 and School Finance Reports	For nine of ten employees reviewed, the salaries reported on the FY 2021 SDER report did not agree to the District's documentation. Eight employees' salaries were over reported by \$475 and one employee's salary was under reported by \$6,771.												

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 reported student withdrawal dates to ADE within 5 working days and maintained documentation that supported the date of data entry.	For one of ten students reviewed for withdrawals, the withdrawal date in the attendance system did not agree to the withdrawal form. Per the withdrawal form, the student's last day of attendance was 08/27/20, and the system withdrawal date was 08/24/20, three school days before.
2.	The District uploaded membership and absence information to ADE that agreed to the District's computerized system records for the first 100 days of school. A.R.S. §15-901	The AzEd ADM15 report's membership days did not agree to the District's computerized attendance system records. The AzEd ADM15 reported 123,093.5 membership days and the District's computerized records reported 122,506 membership days, a difference of 587.5 days.
3.	For students participating in distance learning, the District followed attendance procedures defined in a distance learning plan ADE approved.	Attendance documentation was not provided for the five distance learning students selected for review. As such, it could not be determined if the District followed attendance procedures defined in a distance learning plan ADE approved.

Information technology - 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.	Four District employees, the Director of Business Services, the Director of Human Resources, and two IT employees, had full access to the Visions financial software.

Ganado Unified School District

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

List of deficiencies for the year ended June 30, 2021

2.	The District assessed security risks for its systems and data and provided employees annual security awareness training.	Documentation was not provided that the District assessed the risks/threats to the District IT systems and data and based on the assessment implemented procedures to prevent and detect technology-related threats. Employee IT security awareness training to prevent, identify, and report suspected security risks and threats was not provided in FY 2021.
3.	The District removed terminated or transferred employees' or vendors' access immediately from all systems.	Documentation of when IT access was disabled for employees that terminated employment in FY 2021 was not provided. As such it could not be determined if the employees IT access was terminated immediately. In addition, a formal written process for disabling the IT access for employees that either resigned or were terminated was not provided.
4.	The District monitored and reviewed IT system-generated incident or error reports to identify security threats or other unusual activity and addressed the instances.	The District did not generate IT system incident or error reports to enable the District to identify security threats or other unusual activity and address the instances.
5.	The District had recovery and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually.	The District did not have in place a formal recovery and contingency planning document to restore or resume system services in case of disruption or failure.