

Instructions

Arizona Revised Statutes (A.R.S.) §15-271 requires the Auditor General's Office to inform any school district failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records for Arizona School Districts* (USFR) that it has 90 days to correct the cited deficiencies. To assist the Auditor General's Office in determining whether a district has attained an acceptable degree of compliance with the requirements of the USFR, the audit firm must complete this USFR Compliance Questionnaire (CQ).

In addition, A.R.S. §§15-213(F) and 15-914(G) require districts to have a systematic review of their purchasing practices and average daily membership (ADM), respectively, performed in conjunction with their annual or biennial financial audit to determine whether the District is in compliance with the applicable procurement and student attendance laws and rules of the State of Arizona. The Procurement and Student attendance reporting questions included in the USFR CQ help districts meet these requirements.

The USFR prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements. Audit Firms must gain an understanding of the District's internal controls and obtain appropriate audit evidence to complete the USFR CQ in accordance with the requirements prescribed below. The Auditor General's Office may reject those CQs not meeting the minimum requirements.

- Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the District has implemented procedures to comply with the USFR. The evidence must be included in the audit documentation to support the comments. If the evidence was obtained and documented during the financial statement audit, that evidence may be referenced to answer related questions. Click the "tooltip" next to the CQ question to get more information about USFR requirements and review procedures that must be considered to address the question's objective.
- Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers on the CQ. Sufficient evidence of approval includes signatures or initials and dates.
- Population size should be considered in determining the number of items to test, and the items selected should be representative of the population. Also, additional instructions in the Credit cards, Procurement, and Student attendance reporting sections prescribe minimum sample sizes that must be used for specific questions. Population and samples sizes used for test work should be entered in the fields provided next to the related question.
- The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing 1 transaction, record, or item is not sufficient.
- The sample size should be expanded if the Audit Firm cannot clearly determine whether the District complied with the USFR on that question.
- For questions related to the establishment of policies and procedures, the Audit Firm must gain an understanding of the District's internal controls and perform sufficient test work to determine that the procedures were implemented, followed, and systematically communicated to employees.
- For Governing board/management procedures question 4, the Audit Firm should confirm management's appropriate action to resolve all allegations of theft, fraud, or misuse of District monies or assets by either examining copies of the incident reports or communicating

description should include the number of items tested and the number of exceptions noted, or dollar amount of the error, and any other relevant information that would provide context for the deficiency.

- The Audit Firm must adequately explain all “N/A” answers in the comment box below the question, unless the reason for the N/A is obvious.
- Cash and revenues questions apply to all the District's cash and revenue, including food service, auxiliary operations, extracurricular activities fees tax credit, and student activities receipts and bank accounts. Comments for “No” answers to these questions should indicate the ~~type of receipt~~ or bank account to wloperations,

4. The District maintained, for public inspection, a special file with all documents necessary to memorialize all conflict-of-interest disclosures. [A.R.S. §38-509](#)

5. Employees or governing board members with reported conflicts, except as provided in [A.R.S. §15-323](#), refrained from voting upon or otherwise participating in any manner in that purchase. [A.R.S. §38-502\(11\)](#) and _____

Objective: To determine whether the District's budget preparation processes ensure that the District properly allocates the monies it receives, stays within those budgets, and accurately informs the public about the use of those monies.

1. The budget included all funds as required by [A.R.S. §15-905](#) and followed the form's [Budget Submission and Publication Instructions](#).

 

7. The District reconciled revenues, expenditures, expenses, and cash balances (as applicable) by fund, program, function, and object code at least at fiscal year-end with the CSS or county treasurer's records, and the reconciliation was reviewed and properly supported.

8. The District prepared reports that reconciled sales to cash collected at student activities events.

Cash and revenue

12. The Student Activities Fund deposits were properly supported and included only student clubs' and organizations' monies that were raised through the efforts of students with the approval of the governing board.

19. The District used the grants

]

20. The District used the principals

No account.

21. The r

25. The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal supporting documentation.

31. The District tracked and reconciled the number of meals sold to the total cash collected per day.

Supplies inventory

Objective: To determine whether the District has controls in place to help physically safeguard and report inventories to prevent theft, overstocking, understocking, spoilage, and obsolescence.

1. The District physically safeguarded supply inventories to prevent unauthorized use, theft, damage, and sB

4. The District's stewardship list for items costing at least \$1,000 but less than the District's capitalization threshold included the location, identification number, and description, and was

1. The District separated responsibilities for expenditure processing among employees (i.e., voucher preparation, recordkeeping, and authorization).

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](#), [A.R.S. §15-304](#), [A.R.S. §15-907](#), and [A.R.S. §15-916](#).

7. The District prepared an Advice of Encumbrance for levy funds with the list of liabilities for goods or services received but

1. The District used credit cards.

Yes ▼

Procurement

Objective: To determine whether the District followed the School District Procurement Rules and USFR purchasing guidelines to promote fair and open competition among vendors that helps ensure the District is getting the best value for the public monies it spends.

1. The District obtained 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.

Yes



5. The District published and, as applicable, provided other adequate notice of the issuance of solicitations. R7-2-1022, R7-2-1024(C), or R7-2-1042(C)

12. The District's procurement files contained signed procurement disclosure statements for all employees with job responsibilities related to each procurement and for all nonemployee consultants or technical advisors involved in each procurement process. R7-2-1008(C) and R7-2-1015

Yes ▼

13. The District's procurement files included applicable written determinations as required throughout the procurement rules.

Yes ▼

14. The District followed [A.R.S. §15-213](#), and R7-2-1093 for the use of multi-term contracts.

Yes ▼

15. The District followed R7-2-1117 through R7-2-1123 for contracts for specified professional services.

N/A ▼

No such contracts

16. The District's procurement files included the required information, as applicable. R7-2-1001(96)

17. 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 M

3. The District required employees' contracts or personnel/payroll action forms to document the employees' election for prorated compensation.

2. 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](#)

Yes ▼

Sample

3

3. The District appropriately tracked and reported student membership and absences. [A.R.S. §15-901](#)

No ▼

recOnmijrta.d absenbnmam&Mn

12. The District maintained appropriate documentation and accurately reported students enrolled in its AOI program, including redetermining the actual full time equivalent (FTE) for each student enrolled in an AOI Program following a student's withdrawal or after the end of the school year.

17. The District reported student withdrawal dates to ADE and maintained documentation that supported the date of data entry.

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.

2. The District reviewed and documented any system or software changes implemented.

3. The District assessed security risks for unauthorized access to the District's systems, network, and data, including through email, internet use, VPN, wireless access, and mobile devices, and provided

8. The District had vendor contracts or data-sharing agreements in place with 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.



1. The District accurately calculated and maintained documentation for miles reported on the Transportation Route Report submitted to ADE. [A.R.S. §15-922](#)

Yes ▼

2. The transported students reported as eligible on the Transportation Route Report met the definition in [A.R.S. §15-901\(A\)\(8\)](#).

Yes ▼

Records management



General long-term debt

Objective: To determine whether the District is following the laws related to bonds to ensure voters are informed and the District complies with the bond covenants.

1. The District calculated and issued debt in accordance with Arizona Revised Statutes and the Arizona Constitution.

