TUCSON UNIFIED
SCHOOL DISTRICT

May 1, 2023

OFFICE OF INTERNAL AUDIT

# Grants and Federal Programs

## Internal Audit Report

REPORT #: 003_FY2022-2023

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INTERNAL AUDITOR

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# EXECUTIVE SUMMARY

The Office of Internal Audit has completed the assurance audit of the Grants and Federal Programs (GFP) department in the Tucson Unified School District (TUSD).

The TUSD's organizational chart -Appendix-A, illustrates GFP as one out of three departments in the Financial Services Division.

The GFP department is comprised of twenty employees, as indicated by the department's organizational chart. GFP's operations are managed and supervised by the department's Senior Director. The department is divided into seven programs, each of the programs have designated employees who work closely with participating schools and staff to oversee, guide, and assist with applicable polices and guidelines of the grants.

The GFP department manages and oversees the requested grant through its three phases:

Pre-Award Phase: Funding opportunities and application review.

Award Phase: Award decisions and notifications.

Post Award: Implementation, reporting, and closeout.

The department is entrusted to ensure awarded monies are spent in accordance with grant guidelines, in addition to adhering to the district's policies and procedures.

The purpose of auditing the general GFP operations was to provide management with reasonable assurance of the department's compliance with required district policies and regulations. The objectives of the audit were used to review selected processes, procedures, practices, and internal controls within the department, to determine if they aligned with applicable governance. This was accomplished by conducting interviews with department employees, reviewing activities and procedures, analyzing provided data, examining inventory records, evaluating activities performed by staff related to their job descriptions, and assessing the effectiveness of internal controls.

The primary criteria used for this audit were the district's written policies and regulations. Additional criteria were obtained if the observed condition(s) deviated from, or were not available at, the district level.

Internal controls are defined by the Institute of Internal Auditors (IIA) as "A plan of organization under which employees' duties are arranged, and records and procedures are designed, to make it possible to exercise effective control over processes. Internal control procedures which call for proper authorizations by designated officials for all actions performed that must be specified and followed."[1]

The audit scope included activities from July 1, 2020, through June 30, 2022.

Internal Audit used Interval/Strategic and Random (Nonstatistical/Judgmental) Sampling, in addition to Attribute Sampling. Attribute sampling is a common statistical method used for measuring quality; when testing controls that have two possible outcomes, such as compliance or noncompliance.

Opportunities for improvement, based on conditions observed during the audit, have been listed below in the order of their perceived risk.

1- **Supporting Documentation:** Some transactions are missing supporting documentation in the iVisions system.

2- **Safeguarding of Assets:** The department's inventory records were found to contain inaccurate information specific to their assets.

3- **Segregation of Duties:** Employees in the department have rights and accesses that do not align with their job duties.

4- **Consistent and Accurate Information:** Some of the departmental information reviewed, in physical and electronic format, were found to have inconsistencies.

5- **Unsubstantiated Statement on Travel Form:** The "Released Time & Travel (RT&T)" was found to contain a statement in the justification section, as a fact.

6- **Record Retention:** The GFP department was found to have several documents, both electronically and in physically form, past their required retention period.

## BACKGROUND

Tucson Unified School District (TUSD) is a public school district located in Pima County, Arizona. It serves approximately 42,000 students across 89 schools, including elementary, middle, and high schools. The district's vision, as stated in its Strategic Plan: "Inspiring a diverse community to connect, learn, innovate, and lead for a better world."[2]

The District's mission, as stated in its Strategic Plan: "Our community prepares all students to become responsible, ethical, and engaged global citizens by creating relevant, dynamic, and joyful educational experiences that embraces cultural diversity."[3]

The Grants and Federal Programs (GFP) department's link in SharePoint includes, "Our fundamental purpose is to provide strategic support to improve practices, increase capacity, and promote a positive climate and culture."[4]

The GFP department is in the Financial Services Division (Division). The Division is responsible for managing the district's finances, which includes budget development and monitoring, financial reporting, and procurement services.

Based on the information provided by the GFP department, it has seven different programs, each program has its own commitments, budgets, guidelines, and designated staff. There are two Senior Program Coordinators, each assigned to monitor different programs, and one Senior Director who manages and oversees the activities of the GFP department.

The department plays a critical role in securing, managing, and monitoring awarded grants from federal, state, organizations, and private foundations. The GFP staff works closely with school sites, district programs, and other departments to ensure that resources are effectively managed and allocated to support the educational needs of the district.

The federal government provides a significant amount of funding for K-12 schools districts through several grant programs such as Title I, Title II (Part-A), Title IV, IDEA (Individuals with Disabilities Education Act) Part B, and more. The U.S. Department of Education (DOE) manages these grants, and monies are distributed to state education agencies, who then allocate funds to individual school districts based on a variety of factors, such as student populations and demographics.

State government grants are also available to the district; typically, these funds are distributed based on a combination of factors, including student enrollment and property values.

K-12 schools may also receive educational grants from private foundations and other organizations through competitive grant programs that typically require the submission of proposals outlining specific educational goals the funding will be used to achieve.

Grant monies are essential for supporting the educational needs of students and providing additional resources to the district. The GFP department is entrusted with the administration and management of these funds through its three main phases:

Phase 1 Pre-Award: Funding opportunities and application review.

Phase 2 Award: Awarding decisions and notifications.

Phase 3 Post Award: Implementation, reporting, and closeout.

Additionally, GFP ensures that the awarded funds are used for their intended purposes and follow applicable grant guidelines and requirements.

Some of the GFP department's responsibilities include:

- Managing federal, state, and local grants to ensure compliance with applicable regulations.
- Research and identify grant opportunities that align with District/school goals and priorities.
- Write grant proposals and secure grant funding.
- Monitor budgets for grant-funded programs and activities.
- Verify and ensure purchases are allowable, permissible, and necessary per guidelines.
- Provide assistance, training, and guidance to District/school staff on grant requirements.
- Maintain accurate records and documentation related to grant-funded activities.
- Conduct internal assessments to identify areas for improvement.
- Collaborate with other District/school departments and community partners to leverage resources and maximize impact of grant-funded programs.

## STATEMENT OF AUDITING STANDARDS

The audit was conducted using the guidance and standards from: TUSD policies and procedures, The Institute of Internal Auditors (IIA), Arizona Auditor General's Uniform Systems of Financial Records (USFR), Arizona Department of Accounting (ADOA -GAO) -State of Arizona Accounting Office (SAAM), Arizona Department of Education (ADE), Arizona Procurement Code, Arizona Revised Statutes (ARS), U.S. Department of Education (DOE), electronic Code of Federal Regulations (eCFR), and U.S. Government Accountability Office (GAO) - Generally Accepted Government Auditing Standards (GAGAS).

Additional research was conducted by reviewing: preliminary documents provided by the GFP department, information from GFP's SharePoint site, and the District Operating Guide (DOG). When necessary, other sources such as school districts and auditing entities were used for applicable and acceptable practices; this type of criteria is referred as Best Practices. Best Practices are to be used when no specific written policies capture the observed condition(s), either because they are new, unique, and/or requires implementing common sense.

## AUDIT PURPOSE AND OBJECTIVES

The GFP department is entrusted to ensure awarded monies are spent, by participating school sites, in accordance with the guidelines of the corresponding grants.

The purpose of auditing the GFP operations was to provide reasonable assurance to management of the department's compliance with required district policies and regulations. The objectives of the audit were used to review and analyze selected processes, procedures, practices, and internal controls within the department, to determine if they were in alignment with applicable criteria.

Internal controls are defined by the Institute of Internal Auditors (IIA) as "A plan of organization under which employees' duties are arranged, and records and procedures are designed, to make it possible to exercise effective control over processes. Internal control procedures which call for proper authorizations by designated officials for all actions performed that must be specified and followed."[5]

The Code of Federal Regulations (eCFR) -§ 200.1 Definitions, states: "*Internal controls* for non-Federal entities means:

(1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:

(i) Effectiveness and efficiency of operations.

(ii) Reliability of reporting for internal and external use; and

(iii) Compliance with applicable laws and regulations."[6]

Audit objectives were to determine if the GFP department's processes and procedures were in compliance with the districts' requirements. Internal Audit analyzed selected activities to assist with assessing and determining if the department's operations were aligned with applicable district policies and regulations.

The Government Accountability Office (GAO) -Applicable Guidance: General (Section 8.08), states "The audit objectives are what the audit is intended to accomplish. They identify the audit subject matter and performance aspects to be included. Audit objectives can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria. Audit objectives may also pertain to the current status or condition of a program. The term program as used in GAGAS includes processes, projects, studies, policies, operations, activities, entities, and functions." [7]

The following activities were reviewed:

1- Processes and procedures for purchasing transactions, including attachment of documents.
2- Segregation of duties between department employees.
3- Safeguarding of assets, including tracking and recording of inventory.
4- Consistencies between comparable documents, tasks, and activities, within the department.
5- Records retention of documents.

The objectives were accomplished by:

- Conducting interviews with available GFP staff.
- Reviewing preliminary information and department content for consistency and reliability.
- Researching applicable policies to verify observed conditions and compliance.
- Reviewing iVisions transaction records to confirm the attachment of documents.
- Analyzing staff rights and accesses in iVisions to verify segregations of duties.
- Comparing inventory records, tags, and locations, to assess accuracy of recorded assets.

## AUDIT SCOPE, METHODOLOGY, AND EXCLUSIONS

The audit scope encompassed July 1, 2020, through June 30, 2022.

The following sampling methodologies were used to review the department's operations: Interval/Systematic, Random, Nonstatistical/Judgmental, and Attribute Sampling.

The audit was performed by selecting samples from the GFP department's operational activities; the samples were not limited or based on the analysis of specific programs or an individual grant.

The primary criteria used during this audit, to assesses and provide reasonable assurance of existing internal controls, were District policies. Activities, tasks, and items that indicated a deviation from District policies were further researched to verify consistency and follow the highest level of governance.

Excluded from this internal audit were internal controls for collaborating departments and school sites that have overlapping activities (i.e., purchasing, accounts payable, etc.), and/or provide support (i.e., accounting, budgeting, etc.) to the GFP department.

### INTERNAL AUDIT'S DUE PROFESSIONAL CARE:

Audits are designed to assess the organization's operation, authenticate the reliability and accuracy of data, detect and prevent fraud, strengthen internal controls, evaluate adherence to policies and procedures, and promote effective and efficient use of resources.

Internal audits are conducted to provide management with reasonable –not absolute- assurance that the organization's objectives will be met. An auditor can only evaluate, analyze, develop conclusions and recommendations based on internal data available from or provided by the auditee.

GAO's -Applicable Guidance- Determining Significance and Obtaining an Understanding of Internal Controls- (Section 8.46), states: "The nature and extent of procedures auditors perform to obtain an understanding of internal control is a matter of professional judgment and may vary among audits based on audit objectives, audit risk, internal control deficiencies, and the auditors' knowledge about internal control gained in prior audits…. The auditors' understanding of internal control may be obtained through procedures such as inquiries, observations, inspection of documents and records, review of other audit reports, or direct tests."[8]

All audits contain an element of inherent risk; this is a limitation that may be attributed to countless reasons, including but not limited to: lack of written policies, non-disclosures or withholding of information, errors caused by human oversights, potential undetected fraud, limitations of technology/systems, inadequate controls, employees circumventing set processes, minimal training of staff, management overriding systems, etc.

A summary of listed/observed conditions was addressed with the Senior Director of the GFP department during the exit meeting. The intended purpose of the exit meeting was to inform management of the audit findings, answer questions, and to provide examples of the analyzed documents, information, and observations. During the meeting, management was provided with a general overview of the findings that would be included in the final audit report.

Audit observations and recommendations are listed below in the order of their perceived risk.

# AUDIT OBSERVATIONS AND RECOMMENDATIONS

## 1. SUPPORTING DOCUMENTATION

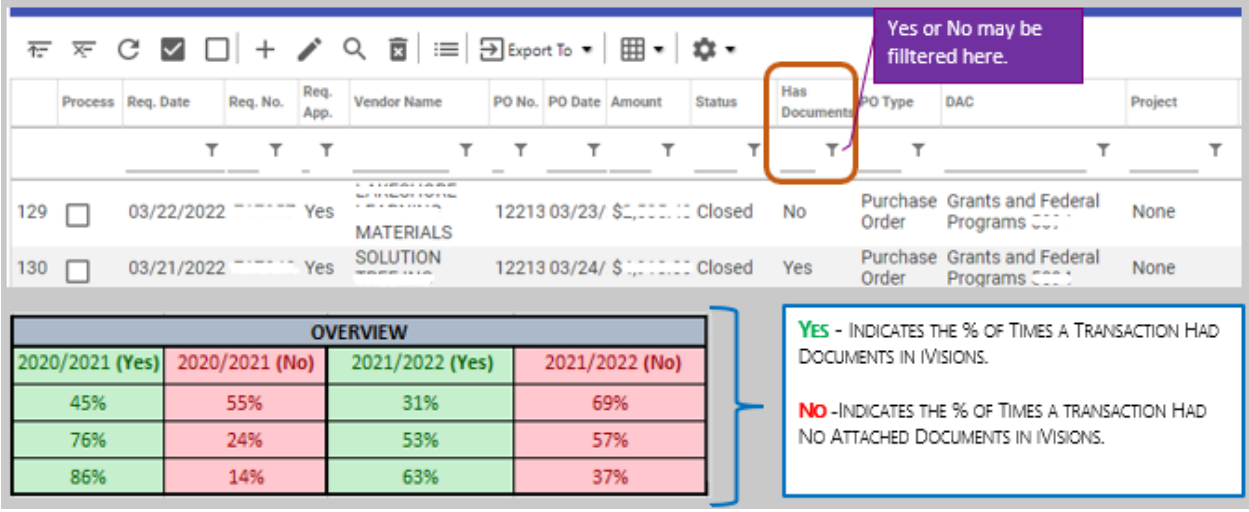
**Condition:** Some transactions are missing supporting documentation in the iVisions system.

**Criteria:** The Uniform System of Financial Records (USFR): VI-B-2-Source Documents- states: "Source documents are used to initiate accounting transactions and should be retained to support each entry recorded in the accounting records… Examples of cash disbursements source documents include requisitions, purchase orders, receiving reports, and vendor invoices."[9]

Policy Code: DJE-R - *Purchasing Procedures*- "Under $10,000,

A. Fiscal Year Cumulative District Purchases Costing Under $10,000:

1. Obtain a current price quotation from…
2. Prepare and document on the requisitions: complete description of the material(s) or Services(s), quantity, date of quotation, quoter's name, firm price(s), freight charge, percent of sales tax, and any other pertinent information.
3. Electronically attach all information and documentation to the requisition."[10]




**Effect:** The iVisions system has a section titled "Has documents" this is used by staff to indicate if supporting documents for their transactions are attached. A "Yes" indicates there are documents attached, a "No" indicates there are no documents attached on closed transactions. (Image of iVisions controls panel).

Based on the audit scope of July 1, 2020 – June 30, 2022; a total of 1,450 transactions were retrieved using three Department Account Codes, under the GFP supervision, to determine the percentage of times supporting documentation was attached for expenses.

On average, 58% of transactions did have attached documents, and 42% of transactions did not have attached documents.

Attaching documents approximately 58% of the time when entering a purchase requestions indicates internal controls are not working as intended.

Substantiating transactions is necessary to ensure expenses are allowed, reasonable, and necessary, as required by grants awarded to the district.

Cause: Lack of training on the importance of following district policies and grant guidelines. Approvers are processing some requestions, purchase orders, and payments, without verifying if supporting documents have been attached in the iVisions system.

Not ensuring alignment with purposes of the funds.

Recommendation:

a. Management should monitor compliance and ensure adherence to applicable guidelines and regulations.
b. Provide training regarding the importance of following District polices and applicable grant guidelines.

2. Safeguarding of Assets

Condition: The department's inventory records were found to contain inaccurate asset information.

Criteria: Policy Code: DID -Asset Management, states, "The Governing Board recognizes the District's responsibility to manage both fixed and capital assets as integral to the basic mission of providing quality education. Arizona Department of Education requires school districts to adhere to the Uniform System of Financial Records (USFR) regarding physical inventory and to maintain a detailed listing of land, buildings, furniture, and equipment.

The acquisition threshold for capitalizing items and entering them on the general fixed assets listing shall be five thousand dollars ($5,000) or greater. Items having an acquisition cost equal to and greater than one thousand dollars ($1,000) but less than five thousand dollars ($5,000) shall be placed on the stewardship listing. General fixed assets and stewardship items shall be inventoried as specified by the USFR."[11]

USFR -VI-B–1- Introduction- "Accounting records and procedures (i.e., methods) comprise the accounting system through which a district identifies, assembles, analyzes, classifies, records, and summarizes its financial transactions and reports the district's financial position and results of operations. An accounting system's primary objectives are to provide management with reliable financial information in conformity with generally accepted accounting principles on a timely basis and to safeguard assets."[12]

Regulation Code: DID-R-: Asset Management - delineates the following:

"Receiving and Tagging Capital Assets

A purchase order for taggable capital equipment will have a note to sites upon receipt to send all partial copies or completed original purchase orders to the Asset Management Office. The receiving site must send the signed Purchase Order Receiver including bill of lading, packing slip, invoices, partial reports and warranty documents to the Asset Management Office upon receipt of capital equipment.

The Asset Management Office will input receiving of the equipment into the Asset Management database to create an Asset ID Number and forward partial receiver copies or the completed receiving original copy of the purchase order to Accounts Payable (Finance/Student Finance). The Asset Management Office will send the Asset ID Number to the receiving site via e-mail or hard copy and add the new equipment to the site inventory listing.

The receiving site is responsible for tagging the equipment with the appropriate business unit and Asset ID Tag Number as provided by the Asset Management Office. The receiving site will confirm, by signature, that the equipment has been tagged and also provide Asset Management with the corresponding project code and serial numbers when applicable.

Inventory Procedures:

TUSD requires that all district and federally funded items valued at $1000.00 or more with a useful life of a year or more will be physically accounted for annually. Asset Management will be responsible for the distribution of the annual inventory listings in the $1,000.00 and over schedule.

The Site or Department Administrator will use this annual inventory list to:

1. Check off items on the listing for physical verification. Items not accounted for or verified must be explained on the appropriate TUSD form (refer to DID-E).
4. Account for all items at their respective sites regardless of value and whether they were lost, damaged, or stolen.
5. Verify that all items with an existing Property Control Number also have an Asset ID Number as a cross-reference…

Stewardship Listing:

The purpose of the Stewardship Listing is to enhance accountability of safeguarding District property and to maintain a listing of specific items with a value of $1,000.00 to $5,000.00. Equipment listed in this dollar range may require maintenance or may be identified as commonly pilfered. Asset Management will maintain Stewardship Listings for the following categories above $1,000.00 in value; technology equipment with a value of $200.00 and above will also be added to the stewardship listing. The property will remain the responsibility of the Site or Department Administrator. The Stewardship Listing will be provided to the Site or Department Administrator upon request."[13]

**Effect:** Some of the programs within the GFP department have their own method for tracking and recording inventory; methods vary from having their own tags, to not tracking assets.

The following inventorying of assets were observed in the programs:

a. Use of exclusive metal tags that were affixed to assets and recorded in an Excel spreadsheet.
b. Relying on school sites to keep track of assets and records.
c. Tracking selective assets and reconciling records with the school sites. After the grant expires, assets are removed from the list and ownership is given to the sites.
d. Not recording or tracking inventory (i.e., no logging, no tagging, no docs.).

**Cause:** Management is not monitoring/maintaining current inventory of the department's funded equipment, materials, and supplies, as noted in their job duties.
Information regarding the purchases of assets is not consistently being communicated or provided to the Asset Management Department.

**Recommendation:**
Follow the process delineated in Policy-DID and Regulation DID.

Develop a process to work collaboratively with the Asset Management Department on overlapping duties/records.

3. Segregation of Duties

**Condition:** Some employees in the department have rights and accesses that do not align with their job duties.

**Criteria:** USFR -Introduction- VI-A: "An effective accounting system can also help safeguard district assets from fraud, theft, or misuse. Accounting system policies and procedures formally documented and adopted by the governing board should provide separation of responsibilities, adequate internal checks and balances, and sufficient records to support financial transactions.

Responsibilities should be assigned to specific departments, if applicable, and adequately separated within departments so that one individual does not have complete authority over an entire financial transaction or process. Districts should also periodically rotate responsibilities among employees when practical and require employees who process financial transactions to take vacation time and have another employee perform their responsibilities…"[14]

**Effect:** The iVisions rights and accesses for the GFP staff are segmented in to two groups, "Remote_User_G_Rep" and "Remote_User". For exception of the Remote_User_G_Rep having full access to the General Ledger Report Writer and the Remot_User having read only rights to the General Ledger Report Writer, both groups have identical rights and accesses in the iVisions system.

This means that each member in the department has the same rights and accessibilities to perform tasks in the iVisions system, regardless of duties listed on their job descriptions.

The table below (not all inclusive) lists the first 21 rights and accesses out of 143 listed in the worksheet provided by the iVisions Administrator.

All staff members have full rights and accesses to perform the following functions in their designated program(s):

| Summary of Full Rights and Accesses in iVisions | | |
|---|---|---|
| Return a Requisition | Open a Purchase Order | Copy Requisitions & PO's. |
| Revise a Purchase Order (PO) | Display PO History | Print Review a PO |
| Void a PO | Display approval | Print PO Pay History |
| Close a PO | Print review a Requestions. | Manage attachments |
| Approve Requestions | Quick Approval access | Approve PO revisions |
| Post Approved PO Revision | Add New Line | Edit/Delete Lines |
| Receive all remaining items | Add/View Vendors | Edit/Delete Vendors |

Example: Based on the job descriptions reviewed, of the eight out of the nine "Program Coordinators", their job duties did not mention most of the above listed functions.

One Program Coordinator has duties including overseeing, allocating, coordinating, managing, and approving budgets and expenditure within TUSD system.

One of the two Senior Program Coordinator listed duties include: Maintaining and reconciling budget/funds for central allocation. Approve submitted requestions for correct accounting codes and alignment to original approved grant application(s). Monitor all account expenditures for assigned program sites and develop site budgets. Contact vendors for purchases, obtaining quotes, evaluating prices. Approve receipt of equipment and supplies received. Maintain inventory logs for central supplies and tag property. Back up for Director on another program.

Cause: Not reviewing or being aware of accesses and rights provided to staff, in the iVisions system, that do not align with activities of employee job descriptions.

Recommendation:

a. Management should verify that rights and accesses provided to their department staff are sufficient and supported by the functions they perform.
b. Create specific accesses and rights to correlate with the responsibilities of employees' needs.
c. Implement and ensure preventative internal controls are in place to prevent a conflict of interest between members' roles.

4. CONSISTENT AND ACCURATE INFORMATION

Condition: Some of the departmental information reviewed, in physical and electronic format, was found to have inconsistencies.

Criteria: Government Auditing Standards (GAS)- Application Guidance: Findings – (Section 6.20), states: "Given the concept of accountability for use of public resources and government authority, evaluating internal control in a government environment may also include considering internal control deficiencies that result in waste or abuse. Because the determination of waste and abuse is subjective, auditors are not required to perform specific procedures to detect waste or abuse in financial audits. However, auditors may consider

whether and how to communicate such matters if they become aware of them. Auditors may also discover that waste or abuse are indicative of fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements."[15]

GAS, (Section 6.21), notes: "Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight".[16]

Best business practices for referenced materials, such as manuals, instructional guides, standard operating procedures, policies, instructions on forms, etc., is for their content to be accurate and up-to-date. Ensuring reference materials are accurate, reliable, and consistent with the organizations standards is essential to aid the users. If the reference documents contain outdated, incorrect, noncompliant, and/or contradictory information, functionality and reliability is diminished.

**Effect:** A department's manual should have accurate, relevant, and reliable content; its information should be consistent with applicable policies, procedures, and guidelines.

A variety of documents, electronically and physical, were reviewed to determine consistency between the existing information within the GFP department. This included, but was not limited to, the preliminary documents provided by the department, and the department's data in their SharePoint site.

A few of the observations are listed below, as examples, of the noted inconsistencies:

i. The department's manual "Grants & Federal Programs Transition Binder" was reviewed and found to contain several oversights. The following examples are a summary of the observations noted within the manual's first three pages:
   - The table of contents contained page numbers that did not consistently represent the content on the page referenced (i.e., title, information, etc.).
   - The "Grants and Federal Program 2022-2023" (List) containing a list of employees, within their designated programs, and their titles; was compared to the "Grants & Federal Program Organizational Chart 2022-2023" (Chart).

     The following differences were noted between the two documents:
     - The List included twenty employees; the Chart includes twenty-two.
     - One person had a different title, "Project Technical Specialist", noted as "Admin. Assistant" on the Chart.
     - One employee had a different last name.
     - Collaborating individuals from a different department were not in the List but were listed in the GFP department's Chart.
     - One employee no longer with the district, is listed on the Chart, in addition to an employee from another department, who works collaboratively with the department.

ii. The Share Point site "GFP's Public group" contains a list of employees that differs from both the List and the Chart; it contains an employee not found in either document.

iii. A "Rights and Accesses" worksheet was provided by the iVisions administrator on March 17, 2023. The worksheet listed all active employees for the GFP department; included in the list was an employee who resigned on February 3, 2023.

**Cause:** Management was unaware of the oversights and inconsistencies in the content. Not reviewing the content that will be used by others as a reference prior to sharing it.

**Recommendation:**

a. Update the material to contain accurate and reliable information.

b. Consider working with Technology Services to maintain a digital manual that can be updated as needed.

## 5. Unsubstantiated Statement on Travel Form

**Condition:** The "Released Time & Travel (RT&T)" was found to contain a statement in the justification section, as a fact.

**Criteria:** Policy Code: DKC – *Expense Authorization/Reimbursement*- "School employees who incur expenses in carrying out their authorized duties shall be reimbursed by the district upon submission of allowable supporting receipts, provided that prior authorization has been granted by the Superintendent or designee.

Reimbursement amounts shall not exceed the maximum amounts established by the Department of Administration of the State of Arizona."[17.]

Arizona Department of Education (ADE), "Welcome to ESEA Equitable Services", states "Since 1965, the Elementary and the Elementary and Secondary Education Act (ESEA) reauthorized as the Every Student Succeeds Act (ESSA) requires local educational agencies (LEAs) and other eligible entities to provide for the equitable participation of privet schools student, staff and families of students enrolled in nonprofit private schools."[18]

**Effect:** The RT&T form contains five pages; the first page has a "Justification" section (image below)[19]; the second sentence is written as a statement of fact in the RT&T form. This statement was found to be used by one of the department's programs. It differs from the statement on page four, and does not provide regulation or policy.

**Justification:** (Complete and attach copy of conference brochure)

This event supports the implementation of the Private School comprehensive needs assessment and is 100% allowable. In-County PD rules do not allow mileage or per-diem. Total expenditures will not exceed capacity of site budget.

Page 4 of the TUSD RT&T form does not differentiate between in or out of county travel (image below) [20]

**Released Time & Travel (RT&T)**
**Completion of Forms Associated with Travel**

1. If there are expenses associated with the travel, Finance must approve and sign in the top left corner box of the RT&T form.

2. "X" the appropriate box in the upper right-hand corner of the RT&T form. **Note: All out-of-state travel (with or without expenses) and any in-state travel with expenses for lodging, air travel, and/or per diem need the Superintendent's final approval.** In-state travel with no expenses or just expenses for registration, mileage and/or substitutes may be "final" approved by the respective Assistant Superintendent, Chief Financial Officer, Chief Operations Officer, or Chief Human Resources Officer. *Check with the appropriate Administrator's office to determine whether they have additional requirements for their approval such as student names, itinerary, transportation form, etc.*

**Cause:** Management is not monitoring the program's administration for compliance and consistency.

No set guidelines as to what should be entered in the justification section of the travel form.

Lack of training and/or understanding of the grant's requirements.

**Recommendation:**

a- When entering a statement as a fact, it should have a reference or information to where it can be retrieved/verified.

b- Consider attached the guideline and/or policy supporting the statement.

6. Record Retention

**Condition:** The GFP department was found to have several documents, electronical and physical, past required retention periods.

**Criteria:** The Arizona State Library, Archives, and Public Records (LAPR) states, "Keeping records longer than the retention period poses financial, legal, audit and investigative risks to the Agency."[21]

Based on the General Records Retention Schedule issued for all public bodies by LAPR, for Administrative and Management Records, Record Series Number 10280 -Grant Records -Non-Historical (image below).[22]

**General Records Retention Schedule Issued to:** **Schedule Number: GS-1018 Rev. 5**
**All Public Bodies**
**Administration and Management Records**

| Record Series Number | Record Series Title | Retention Period | Retention Remark | Legal Citation(s) | Approval Date |
|---|---|---|---|---|---|
| 10280 | **Grant Records - Non Historical** Includes Administrative, financial and programmatic records. | 3 Years | After quarterly, annual or final expenditure report submitted and approved or after funding agency requirements are met, whichever is longer. | | 12/29/2015 |
| 10281 | **Grant Records - Unsuccessful Applications** | 1 Year | After rejected or withdrawn. | | 12/29/2015 |

**Effect:** The department was found to be retaining records, in both physical and electronic format, past the recommended retention period for the reviewed section.

Example: Staff members shared that the GFP M drive contained files well over four years old.

**Cause:** The Director shared that he was not aware of the record retention requirements. Management is not ensuring appropriate maintenance of its records.

**Recommendation:**

a. Follow the record retention requirements.

b. Verify records are not being retained beyond what is stated by the LAPR.

c. Include this topic in the training material.

## CONCLUSION

The audit was conducted to provide reasonable assurance to management regarding the Grants and Federal Programs department's overall compliance with applicable governance. Internal audits can only provide reasonable assurance, never absolute assurance, on audits performed.

Audit objectives were intended to evaluate the department's general efficiency of processes, procedures, and internal controls. Audit objectives were achieved by interviewing department employees, observing, reviewing documents, assessing internal controls and applicable procedures against District policies and procedures to determine compliance.

GOA, (Section 6.46), states: "Internal control plays an expanded role in the government sector. Given the government's accountability for public resources, assessing internal control in a government environment may involve considering controls that would not be required in the private sector. In the government sector, evaluating controls that are relevant to the audit involves understanding significant controls that the audited entity designed, implemented, and operated as part of its responsibility for oversight of public resources…"[23]

The audit findings were based on the department's practices, procedures, and analyzed information to determine compliance with District policies, procedures, and standards.

The listed observations identify areas in need of improvement. A follow up audit may be conducted within the next six months. Individual programs in the GFP department will be evaluated and scheduled based on the upcoming annual risk analysis for the District.

This report contains no management responses. Management has requested Dr. Trujillo's guidance and will be submitting their written responses to the Governing Board and the Audit Committee.

## ACKNOWLEDGMENT

The Office of Internal Audit wishes to express its appreciation to the GFP department and its staff, to the administrators of the iVisions/Parallels application, and the Asset Management Associate for their assistance and cooperation during the audit.

Report No. 003 SY 2021-2022; provided to Governing Board on May 1, 2023.

*Martha Smith* 5/01/2023

Martha Smith Date
Internal Auditor

**Report Distributed:**

Governing Board:
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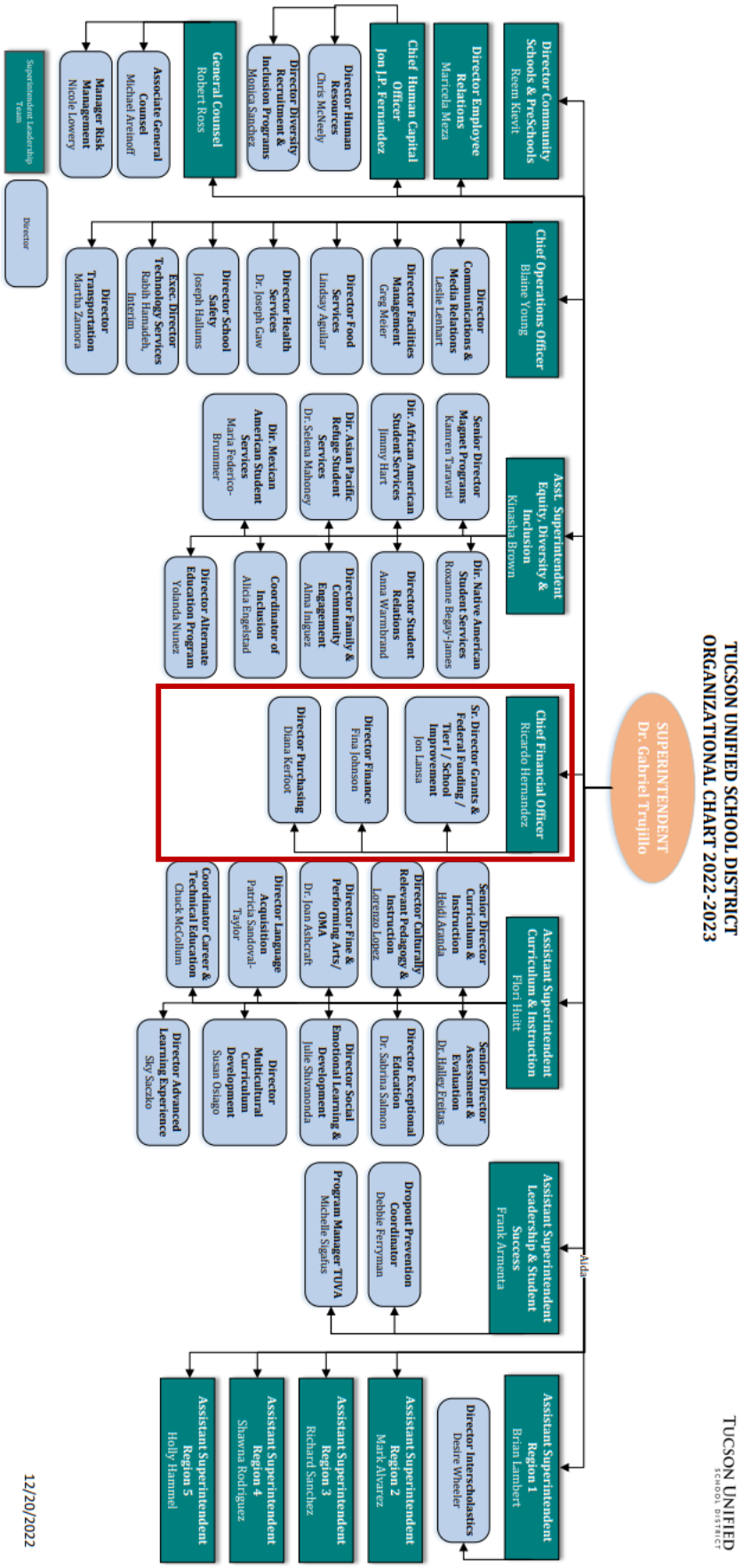
- Sarina Martinez, Member
- Jodi Perin, Member

**Figure-1**

APPENDIX-A



# APPENDIX B

## REFERENCES


1. **The Institute of Internal Auditors (IIA),** Internal Controls- "A plan of organization under which employees' duties are arranged, and records and procedures are designed, to make it possible to exercise effective control over processes. Internal control procedures which call for proper authorizations by designated officials for all actions performed that must be specified and followed." Retrieved by OIA on 3/21/23 from: https://global.theiia.org.
2. **TUSD's Strategic Plan VISION:** "Inspiring a diverse community to connect, learn, innovate, and lead for a better world." Retrieved by OIA on 3/28/23 from: Strategic Plan (tusd1.org).
3. **TUSDs Strategic Plan -MISSION**: "Our community prepares all students to become responsible, ethical, and engaged global citizens by creating relevant, dynamic, and joyful educational experiences that embrace cultural diversity." Retrieved by OIA on 3/28/23 from: **Strategic Plan (tusd1.org)**
4. **Grants and Federal Programs –(GFP)**- Department's Link in SharePoint site "Our fundamental purpose is to provide strategic support to improve practices, increase capacity, and promote a positive climate and culture." Retreated by OIA on 3/21/23 from: Grants & Federal Programs - Home (sharepoint.com)
5. **Institute of Internal Auditors (IIA)** -"A plan of organization under which employees' duties are arranged, and records and procedures are designed, to make it possible to exercise effective control over processes. Internal control procedures which call for proper authorizations by designated officials for all actions performed that must be specified and followed." Retrieved by OIA on 3/21/23 from **https://global.theiia.org**
6. **Code of Federal Regulations (eCFR):** § 200.1 -Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards. §200.1 Definitions: "*Internal controls* for non-Federal entities means: (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
   (i) Effectiveness and efficiency of operations.
   (ii) Reliability of reporting for internal and external use; and
   (iii) Compliance with applicable laws and regulations.
   (2) Federal awarding agencies are required to follow internal control compliance requirements in OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control." Retrieved by OIA on 4/1/23 from: eCFR:2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
7. **Government Accountability Office (GAO) -** Applicable Guidance: General (Section 8.08), states "The audit objectives are what the audit is intended to accomplish. They identify the audit subject matter and performance aspects to be included. Audit objectives can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria. Audit objectives may also pertain to the current status or condition of a program. The term program as used in GAGAS includes processes, projects, studies, policies, operations, activities, entities, and functions." Retrieved by OIA on 4/1/23 from: https://www.gao.gov/assets/gao-21-368g.pdf

8. GAO - "Determining Significance and Obtaining an Understanding of Internal Controls (Section 8.46) The nature and extent of procedures auditors perform to obtain an understanding of internal control is a matter of professional judgment and may vary among audits based on audit objectives, audit risk, internal control deficiencies, and the auditors' knowledge about internal control gained in prior audits. The understanding of internal control builds on the understanding of the program required in paragraph 8.36. The auditors' understanding of internal control may be obtained through procedures such as inquiries, observations, inspection of documents and records, review of other audit reports, or direct tests." Retrieved by OIA on 4/1/23 from: https://www.gao.gov/assets/gao-21-368g.pdf

9. USFR -Source Documents- VI-B-2 – "Source documents are used to initiate accounting transactions and should be retained to support each entry recorded in the accounting records. Examples of cash receipts source documents include prenumbered cash receipt forms, validated treasurer's receipts, cash register tapes, and validated bank deposit receipts. Examples of cash disbursements source documents include requisitions, purchase orders, receiving reports, and vendor invoices." Retrieved by OIA on 3/1/23 from: https://www.azauditor.gov/sites/default/files/USFR060222.pdf

10. Policy Code: DJE-R - *Purchasing Procedures*- "Under $10,000,
    A. Fiscal Year Cumulative District Purchases Costing Under $10,000:
    1. Obtain a current price quotation from…
    2. Prepare and document on the requisitions: complete description of the material(s) or Services(s), quantity, date of quotation, quoter's name, firm price(s), freight charge, percent of sales tax, and any other pertinent information.
    3. Electronically attach all information and documentation to the requisition."

11. Asset Management -Policy Code: DID -District Inventory Specifications and Responsibilities – "The Governing Board recognizes the District's responsibility to manage both fixed and capital assets as integral to the basic mission of providing quality education. Arizona Department of Education requires school districts to adhere to the Uniform System of Financial Records (USFR) regarding physical inventory and to maintain a detailed listing of land, buildings, furniture, and equipment.

    The acquisition threshold for capitalizing items and entering them on the general fixed assets listing shall be five thousand dollars ($5,000) or greater. Items having an acquisition cost equal to and greater than one thousand dollars ($1,000) but less than five thousand dollars ($5,000) shall be placed on the stewardship listing. General fixed assets and stewardship items shall be inventoried as specified by the USFR." Retrieved by OIA on 3/1/23 from: https://govboard.tusd1.org/Policies-and-Regulations/Policy-Code-DID

12. USFR -VI-B–1- Introduction- "Accounting records and procedures (i.e., methods) comprise the accounting system through which a district identifies, assembles, analyzes, classifies, records, and summarizes its financial transactions and reports the district's financial position and results of operations. An accounting system's primary objectives are to provide management with reliable financial information in conformity with generally accepted accounting principles on a timely basis and to safeguard assets." Retrieved by OIA on 4/12/23 from: www.azauditor.gov

13. Asset Management - Regulation Code: DID-R- Section D: Fiscal Management, Regulation Title: Asset Management - Inventory Procedures-

"Receiving and Tagging Capital Assets -A purchase order for taggable, capital equipment will have a note to sites upon receipt to send all partial copies or completed original purchase order to the Asset Management Office. The receiving site must send the signed Purchase Order Receiver including bill of lading, packing slip, invoices, partial reports and warranty documents to the Asset Management Office upon receipt of capital equipment.

The Asset Management Office will input receiving of the equipment into the Asset Management database to create an Asset ID Number and forward partial receiver copies or the completed receiving original copy of the purchase order to Accounts Payable (Finance/Student Finance). The Asset Management Office will send the Asset ID Number to the receiving site via e-mail or hard copy and add the new equipment to the site inventory listing.

The receiving site is responsible for tagging the equipment with the appropriate business unit and Asset ID Tag Number as provided by the Asset Management Office. The receiving site will confirm, by signature, that the equipment has been tagged and also provide Asset Management with the corresponding project code and serial numbers when applicable.

Inventory Procedures:

TUSD requires that all district and federally funded items valued at $1000.00 or more with a useful life of a year or more will be physically accounted for annually. Asset Management will be responsible for the distribution of the annual inventory listings in the $1,000.00 and over schedule.

1. Check off items on the listing for physical verification. Items not accounted for or verified must be explained on the appropriate TUSD form (refer to DID-E).
2. Correct the inventory listing as necessary for information, including but not limited to serial number, brand name, and project code location (refer to DID-E). Proper project code identification, such as science, computer labs, drama, etc., will assist in separating the inventory listing by department at each site. This will help the Site or Department Administrator conduct future physical inventories.
3. Include new asset acquisitions valued at $1,000.00 and over that are NOT listed on inventory listings to inventories as "ADD ON's". This will also apply to transfers or surplus acquisitions in this price range.
4. Account for all items at they're respective sites regardless of value and whether they were lost, damaged, or stolen.
5. Verify that all items with an existing Property Control Number also have an Asset ID Number as a cross-reference. However, it is not necessary to have the Asset ID Number placed on items that were purchased prior to July 1,1999.
6. Sign, date and return the inventory listing and the appropriate documentation to the Asset Management Office as directed on the annual inventory cover memorandum.

Asset Management recommends that sites keep copies of all transactions to assist the site in maintaining all current and future inventories.

Stewardship Listing

The purpose of the Stewardship Listing is to enhance accountability to safeguard District property and to maintain a listing of specific items with a value of $200.00 to $999.99. Equipment listed in this dollar range may require maintenance or may be identified as commonly pilfered. Asset Management recommends a physical inventory of all stewardship items be conducted every three (3) years.

Asset Management will maintain Stewardship Listings for the following categories under $1,000.00 in value, but the property will remain the responsibility of the Site or Department Administrator. The Stewardship Listing will be provided to Site or Department Administrators upon request. Retrieved by OIA on 4/12/23 from: https://govboard.tusd1.org/Policies-and-Regulations/Policy-Code-DID.

14. **USFR** -Introduction- VI-A - "An effective accounting system can also help safeguard district assets from fraud, theft, or misuse. Accounting system policies and procedures formally documented and adopted by the governing board should provide separation of responsibilities, adequate internal checks and balances, and sufficient records to support financial transactions.

    Responsibilities should be assigned to specific departments, if applicable, and adequately separated within departments so that one individual does not have complete authority over an entire financial transaction or process. Districts should also periodically rotate responsibilities among employees when practical and require employees who process financial transactions to take vacation time and have another employee perform their responsibilities. If adequate separation of responsibilities is not possible because of a district's limited staff size, district management should implement review procedures at appropriate points in the process to compensate for employees performing incompatible functions." Retrieved by OIA on 4/12/23 from: www.azauditor.gov

15. Government Auditing Standards (GAS)- Application Guidance: Findings –(Section 6.20), states, "Given the concept of accountability for use of public resources and government authority, evaluating internal control in a government environment may also include considering internal control deficiencies that result in waste or abuse. Because the determination of waste and abuse is subjective, auditors are not required to perform specific procedures to detect waste or abuse in financial audits. However, auditors may consider whether and how to communicate such matters if they become aware of them. Auditors may also discover that waste or abuse are indicative of fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements." Retrieved by OIA on 4/12/23 from: https://www.gao.gov/assets/gao-21-368g.pdf

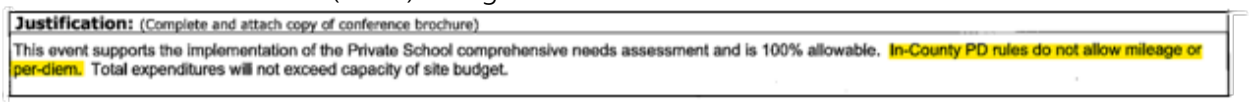
16. GAS, (Section 6.21) -"Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight." Retrieved by OIA on 4/12/23 from: https://www.gao.gov/assets/gao-21-368g.pdf

17. Policy Code: DKC – *Expense Authorization/Reimbursement*- "School employees who incur expenses in carrying out their authorized duties shall be reimbursed by the district upon submission of allowable supporting receipts, provided that prior authorization has been granted by the Superintendent or designee.

Reimbursement amounts shall not exceed the maximum amounts established by the Department of Administration of the State of Arizona." Retrieved by OIA on 4/12/23 from: https://govboard.tusd1.org/PoliciesandRegulations/Policy-Code-DKC

18. Arizona Department of Education (ADE), "Welcome to ESEA Equitable Services", states "Since 1965, the Elementary and the Elementary and Secondary Education Act (ESEA) reauthorized as the Every Student Succeeds Act (ESSA) requires local educational agencies (LEAs) and other eligible entities to provide for the equitable participation of privet schools student, staff and families of students enrolled in nonprofit private schools." Retrieved by OIA on 4/12/23 from https://www.azed.gov/titlei/privateschools

19. Released Time and Trave (RT&T) -image-



**Justification:** (Complete and attach copy of conference brochure)

This event supports the implementation of the Private School comprehensive needs assessment and is 100% allowable. In-County PD rules do not allow mileage or per-diem. Total expenditures will not exceed capacity of site budget.

Retrieved by OIA on 4/15/23 from attachment in iVisions, P.O. #12110547

20. Image of page 4 from the RT&T form. Retrieved by OIA on 4/15/23 from attachment in iVisions, P.O. #12110547

**Released Time & Travel (RT&T)**
**Completion of Forms Associated with Travel**

1. If there are expenses associated with the travel, Finance must approve and sign in the top left corner box of the RT&T form.

2. "X" the appropriate box in the upper right-hand corner of the RT&T form. **Note: All out-of-state travel (with or without expenses) and any in-state travel with expenses for lodging, air travel, and/or per diem need the Superintendent's final approval.** In-state travel with no expenses or just expenses for registration, mileage and/or substitutes may be "final" approved by the respective Assistant Superintendent, Chief Financial Officer, Chief Operations Officer, or Chief Human Resources Officer. *Check with the appropriate Administrator's office to determine whether they have additional requirements for their approval such as student names, itinerary, transportation form, etc.*

Retrieved by OIA on 4/15/23 from attachment in iVisions, P.O. #12110547

21. Image from the General Records Retention Schedule Issued to: All Public Bodies Administration and Management Records. Retrieved by OIA on 4/15/23 from: https://azlibrary.gov/sites/default/files/General_Schedules_202204a.pdf

22. Image of the Arizona Record Retention Scheduled.

Pursuant to ARS §41-151.12(3), only the Arizona State Library, Archives and Public Records has the authority to set retention periods, including the sole authority to modify, extend or decrease records retention periods. The retention periods listed herein are the required time records must be retained. Records should be promptly and orderly disposed of at the end of their retention period. Keeping records longer than the retention period poses financial, legal, audit and investigative risks to the Agency. These risks need to be considered by State and Local Agencies when there is a compelling need to retain records for a longer period of time than the approved retention period. Records required for ongoing or foreseeable official proceedings such as audits, investigations or lawsuits, must be retained until released from such official proceedings, notwithstanding the instructions of this schedule.

**General Records Retention Schedule Issued to:** **Schedule Number: GS-1018 Rev. 5**
**All Public Bodies**
**Administration and Management Records**

| Record Series Number | Record Series Title | Retention Period | Retention Remark | Legal Citation(s) | Approval Date |
|---|---|---|---|---|---|
| 10280 | **Grant Records - Non Historical** Includes Administrative, financial and programmatic records. | 3 Years | After quarterly, annual or final expenditure report submitted and approved or after funding agency requirements are met, whichever is longer. | | 12/29/2015 |
| 10281 | **Grant Records - Unsuccessful Applications** | 1 Year | After rejected or withdrawn. | | 12/29/2015 |

Retrieved by OIA on 4/15/23 from: https://azlibrary.gov/sites/default/files/General_Schedules_202204a.pdf

23. GAO-21-368G: 6.46 – "Internal control plays an expanded role in the government sector. Given the government's accountability for public resources, assessing internal control in a government environment may involve considering controls that would not be required in the private sector. In the government sector, evaluating controls that are relevant to the audit involves understanding significant controls that the audited entity designed, implemented, and operated as part of its responsibility for oversight of public resources…" https://www.gao.gov

# APPENDIX C

## GLOSSARY

Accounting Code Structure - "The account code structure provides a basis for financial reporting and budgeting and consists of the following required elements:

> FUND—A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are separated to carry on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. District accounting systems must be organized and operated on a fund basis. Individual funds are first classified by category and then by fund type within each category. See §V, Fund Accounting, for information on fund types for financial reporting purposes. There are three fund categories:
>
> Governmental Funds—Funds used to account for most of a district's financial resources based on the purposes for which these resources may or must be used.
>
> Fiduciary Funds—Funds used to account for fiduciary activities.
>
> Proprietary Funds—Funds used to account for a district's ongoing activities that are financed and operated in a manner similar to private business enterprises. Proprietary funds are generally self-sustaining with the primary source of revenues being user charges." USFR (azauditor.gov)

American Institute of Certified Public Accountants (IACPA "Is the national professional organization of Certified Public Accountants in the United States, with more than 418,000 members in 143 countries in business and industry, public practice, government, education, student affiliates and international associates." https://www.aicpa.org/

Arizona General Accounting Office (GAO) – "The General Accounting Office (GAO) is responsible for establishing statewide accounting policies and procedures, managing the Arizona Financial Information System (AFIS), administering the statewide payroll through the Human Resources Information Solution (HRIS), preparing the statewide financial reports, and providing technical assistance and other management advisory services." Home | General Accounting Office (az.gov)

Assurance Engagements - "An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organization." https://www.theiia.org/globalassets/documents/about-us/what-is-internal-audit/ia-assurance-insight-and-objectivity

Attribute Sampling – "Is a statistical sampling method used in auditing to evaluate whether a population of items meets a specific characteristic or attribute. This method involves selecting a sample of items from a population and checking whether each item possesses the attribute of interest.

For example, an auditor may test a sample of invoices from a population of invoices to determine the accuracy of the invoices. The auditor may choose to sample invoices that have a certain attribute, such as invoices over a certain dollar amount or invoices from a specific time period."

# APPENDIX C

Reference source: American Institute of Certified Public Accountants (AICPA). (2017). AU-C Section 350: Audit Sampling. https://www.aicpa.org/content/dam/aicpa/researchstandards/auditattest/downloadabledocuments/2017/au-c-00350.pdf

Audit Methodology and Procedures - Defined by GAO 8.11 -Applicable Guidance: General –"The methodology describes the nature and extent of audit procedures for gathering and analyzing evidence to address the audit objectives Audit procedures are the specific steps and tests auditors perform to address the audit objectives." https://www.gao.gov/assets/gao-18-568g.pdf

Best Practice - "A procedure that has been shown by research and experience to produce optimal results and that is established or proposed as a standard suitable for widespread adoption." Defined by Merriam Webster

Cause - Defined by Standard 6.25 in Government Auditing Standards (GAS): "The cause is the factor or factors responsible for the difference between the condition and the criteria and may also serve as a basis for recommendations for corrective actions. Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or factors beyond the control of program management. Auditors may assess whether the evidence provides a reasonable and convincing argument for why the stated cause is the key factor contributing to the difference between the condition and the criteria." https://www.gao.gov/assets/gao-21-368g.pdf

Code of Federal Regulations (CFR), 1996 to Present – "The Code of Federal Regulations (CFR) annual edition is the codification of the general and permanent rules published in the Federal Register by the departments and agencies of the Federal Government.

The online CFR is a joint project authorized by the publisher, the National Archives and Records Administration's (NARA) Office of the Federal Register (OFR), and the Government Publishing Office (GPO) to provide the public with enhanced access to Government information. The CFR is divided into 50 titles that represent broad areas subject to Federal regulation. Each title is divided into chapters, which usually bear the name of the issuing agency. Each chapter is farther subdivided into parts that cover specific regulatory areas. Large parts may be subdivided into subparts. All parts are organized in sections, and most citations to the CFR refer to material at the section level." Example: Structure of a CFR citation (e.g. 34 CFR 310.502 Revised as of April 1, 1997) has the following meaning: Title: The numeric value to the left of "CFR", in this case, "21". Part: The numeric value to the right of CFR, which is "310". Section/Subpart, is the number after the period, as is "502". If there was a subpart, it would be a letter of the alphabet (A-Z) used to retrieve a subpar of the CFR) A subpart is a letter of the alphabet (A-Z) that is used to retrieve an entire subpart of the CFR rather then many individual sections". https://www.govinfo.gov/help/cfr

Condition -Defined by Standard 6.26 in GAS: "Condition: Is a situation that exists. The condition is determined and documented during the audit."
https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/15/00213-01.htm

Construction – Defined by the Arizona State Legislature: '" Construction" means the process of building, altering, repairing, improving, or demolishing any school district structure or building, or other public improvements of any kind to any school district real property. Construction does not include the routine operation, routing repair or routine maintenance of existing structures, buildings or real property.' https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/15/00213-01.htm

Contract - Defined by Arizona state legislature: "means all types of state agreements, regardless of what they may be called, for the procurement of materials, services, construction, construction services or the disposal of materials." https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/41/02503.htm

Control – "The Institute of Internal Auditors (IIA) defines control as any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goal will be achieved." https://global.theiia.org

Cost Benefit Analysis – "It is a process used to make decisions. It takes into account both quantitative and qualitative factors for analysis of the value for money for a particular project or investment opportunity. Benefits to costs ratio and other indicators are used to conduct such analyses. The objective is to ascertain the soundness of any investment opportunity and provide a basis for making comparisons with other such proposals." https://economictimes.indiatimes.com/definition/cost-benefit-analysis

Criteria -Defined by Standard 6.25 in GAS: "Criteria: For inclusion in findings, criteria may include the laws, regulations, contracts, grant agreements, standards, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated. Criteria identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding the findings, conclusions, and recommendations in the report. In a financial audit, the applicable financial reporting framework, such as generally accepted accounting principles, represents one set of criteria." https://www.gao.gov/assets/gao-21-368g.pdf

Due Diligence – "Due diligence is the process of obtaining and reviewing documentation to verify that the procuring entity procured contracts pursuant to the School District Procurement Rules and determining that the contract price and terms are favorable to the district to receive the best value for the good or service desired.

Whether administering or purchasing from a cooperative purchasing agreement, districts are responsible for ensuring that procurements are done in accordance with School District Procurement Rules." Defined by HG Legal Resources. https://www.hg.org/legal-articles/what-is-the-relevance-of-industry-standards-under-the-law-36794

Education Department General Administrative Regulations (EDGAR) – "Are federal administrative regulations governing all the grants awarded by the U.S. Department of Education, on or after December 26. 2016 to local districts (LEAs) and charters including State administered programs it includes grant programs found in parts 75, 76, 77, 79, 81, 82, 84, 86, 97, 98 and 99 of Title 34 of the Code of Federal Regulations of 34 C.F.R.; a document issued by ED that contains a reprint of these regulations." Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards | U.S. Department of Education

Effect - Defined by Standard 6.28in GAS: or potential effect: "The effect or potential effect is the outcome or consequence resulting from the difference between the condition and the criteria. When the audit objectives include identifying the actual or potential consequences of a condition that varies (either positively or negatively) from the criteria identified in the audit, effect is a measure of those consequences. Effect or potential effect may be used to demonstrate the need for corrective action in response to identified problems or relevant risks". https://www.gao.gov/assets/gao-21-368g.pdf

**Electronic Code of Federal Regulations (eCFR)** - "The Electronic Code of Federal Regulations (eCFR) is a web version of the Code of Federal Regulations (CFR) that is update daily to better reflect its current status. The eCFR is an editorial compilation of CFR material and amendments published in the daily Federal Register." https://www.ecfr.gov/reader-aids/understanding-the-ecfr/what-is-the-ecfr

**Financial Management –** "§ 200.302- (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also § 200.450." eCFR: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Government Accountability Office (GAO) – "Regulates the Generally Accepted Government Auditing Standards, (GAGAS), that provide audit standards that should be followed for governmental audits." https://www.gao.gov/products/gao-23-106303

Grant Agreement – "Means a legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that, consistent with 31 U.S.C. 6302, 6304." eCFR :2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Individuals with Disabilities Education Grants (IDEA) - "Grant is intended to support students with disabilities. These funds are used to provide special education services and to support the inclusion of students with disabilities in the general education classroom." eCFR :2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Industry Standard – "Is the average by which those in a particular field govern themselves. It is the ordinary manner of doing things in that field and can serve to establish different things in various legal settings." Defined by HG Legal Resources https://www.hg.org/legal-articles/what-is-the-relevance-of-industry-standards-under-the-law-36794

Infinite Visions **(iVisions)** - Infinite Visions is TUSD's ERP system. "Infinite Visions is comprised of integrated financial, human resources, payroll, purchasing, warehouse and fixed asset applications. Key functionality includes position control and inventory, Personnel Action Requests (PARs), contract management, insurance tracking, tracking of employee demographics and certifications and more. iVisions web portal helps everyone in the district work and communicate more efficiently through convenient employee self-services and comprehensive school site functionality. With 24/7 anytime, anywhere access, district employees can view their personal data such as vacation and sick-leave balances payroll history, and insurance and benefit plan details." Employee Network - DOG.pdf - All Documents (sharepoint.com)

Internal Auditing – IIA's definition "Internal auditing is an independent, objective, assurance and consulting activity designed to add value and improve an organization's operations. At its simplest, internal audit involves identifying the risks that could keep an organization from achieving its goals, making sure the organization's leaders know about these risks, and proactively recommending improvements to help reduce the risks." Additionally, "Internal auditors are explorers, analysts, problem-solvers, reporters, and trusted advisors. They bring objectivity and a

variety of skills and expertise to the organization." https://global.theiia.org/about/about-internal-auditing/pages/about-internal-auditing.aspx

Internal Control – "A plan of organization under which employees' duties are arranged, and records and procedures are designed, to make it possible to exercise effective control over processes. Internal control procedures which call for proper authorizations by designated officials for all actions performed that must be specified and followed." https://global.theiia.org

Local Educational Agencies (LEAs) – "Per 34 CFR § 77.1, Local Educational Agency means:
Local educational agency means:

(i) A public board of education or other public authority legally constituted within a State for either administrative control of or direction of, or to perform service functions for, public elementary or secondary schools in:

(A) A city, county, township, school district, or other political subdivision of a State; or

(B) Such combination of school districts or counties a State recognizes as an administrative agency for its public elementary or secondary schools; or

(ii) Any other public institution or agency that has administrative control and direction of a public elementary or secondary school.

(iii) As used in 34 CFR parts 400, 408, 525, 526 and 527 (vocational education programs), the term also includes any other public institution or agency that has administrative control and direction of a vocational education program." https://www.azed.gov/grants-manament/general-faq

Office of Management and Budget (OMB*)* - Executive Office of the President, Office of Management and Budget. eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Organizational Chart – "Organizational charts are the presentation of reporting relationships and employee roles in an enterprise. A well-structured organizational structure would help improve productivity, but a poor organizational structure can weak the organization." https://www.orgcharting.com/poor-organizational-structure/

Pass-through entity (PTE) – "Means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a federal program. responsibilities will review Federal agency regulations and implementation of this part, and will provide interpretations of policy requirements and assistance to ensure effective and efficient implementation. Any exceptions will be subject to approval by OMB. Exceptions will only be made in particular cases where adequate justification is presented." eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Perkins V Grants - "Perkins V grants are intended to support career and technical education programs. These funds are used to provide resources to schools to develop and improve career and technical education programs that prepare students for college and careers." https://www.azed.gov/titlei/

Program operations – "Program operations are the strategies, processes, and activities management uses to convert inputs into outputs. Program operations may be subject to internal control." https://www.gao.gov/assets/gao-21-368g.pdf

# APPENDIX C

Title I - "The purpose of Title I, Part A (Title I) of the Elementary and Secondary Education Act, as amended by Every Student Succeeds Act (ESEA) provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards.
The purpose of Title I is to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and state academic assessments" (EDGAR, §200.1).
https://www.azed.gov/titlei/

Title II – The Education Department General Administrative Regulations (EDGAR) -§200.1-"The purpose of Title II is to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools" (EDGAR, §200.1).
https://www.ecfr.gov/cgi-bin/text-idx?SID=4b4d0c86b92db7f89242c3f3e34c15dd&mc=true&tpl=/ecfrbrowse/Title34/34cfr200_main_02.tpl.

Title IV, Part A –The Elementary and Secondary Education Act (ESEA), as amended by the Every Student Succeeds Act (ESSA) - Title IV, Part A funding "Is to improve student academic achievement by providing all students with access to a well-rounded education, improving school conditions for student learning, and improving the use of technology in order to improve the academic achievement and digital literacy of all students" (ESSA, Section 4101).
https://www.congress.gov/114/plaws/publ95/PLAW-114publ95.pdf#page=191

State of Arizona Accounting Manual (SAAM) – "The SAAM is issued by the Arizona Department of Administration (ADOA) and serves as the official source of accounting policies and procedures for state agencies, including those that award grants to private schools." https://gao.az.gov/state-arizona-accounting-manual-saam

SAAM -Topic 00 -General Information, Section 05- State of Arizona Accounting Manual Use and Conventions "The State of Arizona Accounting Manual, also referred to as SAAM, is the principle policy publication of the General Accounting Office, Arizona Department of Administration. Other policy and or procedure documents issued by the GAO include letters and memoranda, in whatever format, signed by the State Comptroller as well as the directions on forms. SAAM is designed to be as user-friendly as possible for a publication that often deals with complex accounting, operating and management matters. It is, nonetheless, presumed that its audience is comprised primarily of those with experience, education or training in such matters." Issued, on 10/01/2018. https://gao.az.gov/sites/default/files/2022-05/0005%2520State%2520of%2520Arizona%2520Accounting%2520Manual%2520-%2520Use%2520and%2520Conventions%2520181001.pdf

SAAM -Topic 50 – *Travel,* Section 05 -*General Travel Principles and Policies- Introduction:* "The section in this topic of SAAM are frequently collectively referred to as the "State Travel Policy" and they serve as the directives for both employees and non-employees when traveling on State business.

State Travel Policy exists not merely to provide guidance, but to ensure, to the extent possible:

- Compliance with the Arizona Constitution, the Arizona Revised Statues, the Arizona Administrative Code and the U.S. Internal Revenue Code is maintained.
- Travel expenses incurred while conducting business for the State of Arizona are authorized, necessary, reasonable, and appropriate.

- Appropriate, safe and reasonable accommodation are provided for those traveling on State business.

Non-compliance with State Travel Policy or the improper claim for travel expenses may result in appropriate disciplinary *action."* 5005 General Travel Principles and Policies (az.gov).

Sampling – "Statisticians define sampling as the procedure used to select a subset of individual units (people, organizations, objects, etc.) from an entire population. Sample characteristics are than established and used to estimate characteristics of the population as a whole. Internal auditors use sampling to provide both factual evidence and a reasonable basis to draw conclusions about a population from which the sample was selected."
https://internalauditor.theiia.org/en/articles/2022/april/audit-sampling/

Stewardship Listing – "The purpose of the Stewardship Listing is to enhance accountability of safeguarding District property and to maintain a listing of specific items with a value of $1,000.00 to $5,000.00. Equipment listed in this dollar range may require maintenance or may be identified as commonly pilfered. Asset Management will maintain Stewardship Listings for the following categories above $1,000.00 in value; technology equipment with a value of $200.00 and above will also be added to the stewardship listing. The property will remain the responsibility of the Site or Department Administrator". Employee Network - DOG.pdf - All Documents (sharepoint.com)

The Institute of Internal Auditors (IIA) – "Is an international professional association; it is a worldwide leader, authority, and principal educator for internal auditing professionals."
https://global.theiia.org

U.S. Department of Education (DOE) - "Is the agency of the federal government that establishes policy for, administers and coordinates most federal assistance to education. It assists the president in executing his education policies for the nation and in implementing laws enacted by Congress."
https://www2.ed.gov