Higley Unified School District No. 60 Single Audit Report Year Ended June 30, 2022

HIGLEY UNIFIED SCHOOL DISTRICT NO. 60 SINGLE AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2022

<u>CONTENTS</u>	Page
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	7
Notes to the Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10
Auditee Response	
Cover Letter	13
Corrective Action Plan	14



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Governing Board Higley Unified School District No. 60

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Higley Unified School District No. 60, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Higley Unified School District No. 60's basic financial statements, and have issued our report thereon dated December 9, 2022. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Higley Unified School District No. 60's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Higley Unified School District No. 60's internal control. Accordingly, we do not express an opinion on the effectiveness of Higley Unified School District No. 60's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Higley Unified School District No. 60's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C. Scottsdale, Arizona December 9, 2022



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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Governing Board Higley Unified School District No. 60

Report on Compliance for Each Major Federal Program *Opinion on Each Major Federal Program*

We have audited Higley Unified School District No. 60's compliance with the types of compliance requirements identified as subject to the audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Higley Unified School District No. 60's major federal programs for the year ended June 30, 2022. Higley Unified School District No. 60's major federal programs are identified in the summary of auditor's results section of the accompanying schedule

of findings and questioned costs.

In our opinion, Higley Unified School District No. 60 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Higley Unified School District No. 60 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Higley Unified School District No. 60's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Higley Unified School District No. 60's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on Higley Unified School District No. 60's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Higley Unified School District No. 60's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Higley Unified School District No. 60's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Higley Unified School District No. 60's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Higley Unified School District No. 60's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Higley Unified School District No. 60's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Higley Unified School District No. 60's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance, that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency in internal control over compliance is a deficiency. A significant deficiency is severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Higley Unified School District No. 60's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Higley Unified School District No. 60's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Higley Unified School District No. 60 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Higley Unified School District No. 60's basic financial statements. We issued our report thereon dated December 9, 2022, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C. Scottsdale, Arizona February 15, 2023

HIGLEY UNIFIED SCHOOL DISTRICT NO. 60 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Fiscal Period 7/1/2021 - 6/30/2022

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	ldentifying Number Assigned By Funder Pass-Through Entity	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE	Number	(Optional)	Linky	Linny	expenditures	Total	Nume	Total
NATIONAL SCHOOL LUNCH PROGRAM	10.555		ARIZONA DEPARTMENT OF EDUCATION ARIZONA DEPARTMENT OF	7AZ300AZ3	\$399,310	\$399,310	CHILD NUTRITION CLUSTER	\$6,274,886
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN TOTAL DEPARTMENT OF AGRICULTURE	10.559		EDUCATION	7AZ300AZ3	\$5,875,576	\$5,875,576	CHILD NUTRITION CLUSTER	\$6,274,886
					\$6,274,886			
DEPARTMENT OF TREASURY								
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA GOVERNOR'S OFFICE	GFRT-21-1074	\$2,582,064	\$2,656,609	N/A	\$0
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY								
FUNDS TOTAL DEPARTMENT OF TREASURY	21.027	COVID-19	ARIZONA GOVERNOR'S OFFICE	042022-107	\$74,545	\$2,656,609	N/A	\$0
					\$2,656,609			
FEDERAL COMMUNICATIONS COMMISSION								
COVID-19 EMERGENCY CONNECTIVITY FUND PROGRAM	32.009	COVID-19			\$563,196	\$563,196	N/A	\$0
TOTAL FEDERAL COMMUNICATIONS COMMISSION					\$563,196			
DEPARTMENT OF EDUCATION								
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010		ARIZONA DEPARTMENT OF EDUCATION ARIZONA DEPARTMENT OF	S010A210003	\$954,178	\$954,178	N/A	\$0
SPECIAL EDUCATION_GRANTS TO STATES	84.027		EDUCATION ARIZONA DEPARTMENT OF	H027A210007	\$1,910,844	\$1,920,357 S	PECIAL EDUCATION CLUSTER (IDEA)	\$1,982,752
COVID-19 SPECIAL EDUCATION_GRANTS TO STATES	84.027	COVID-19, 84.027X	EDUCATION ARIZONA DEPARTMENT OF	H027X210007	\$9,513	\$1,920,357 S	PECIAL EDUCATION CLUSTER (IDEA)	\$1,982,752
CAREER AND TECHNICAL EDUCATION BASIC GRANTS TO STATES	84.048	84.048A	EDUCATION ARIZONA DEPARTMENT OF	V048A210003	\$111,753	\$111,753	N/A	\$0
SPECIAL EDUCATION_PRESCHOOL GRANTS	84.173		EDUCATION	H173A210007	\$27,579	\$62,395 S	PECIAL EDUCATION CLUSTER (IDEA)	\$1,982,752
COVID-19 SPECIAL EDUCATION_PRESCHOOL GRANTS	84.173	COVID-19, 84.173X	ARIZONA DEPARTMENT OF EDUCATION ARIZONA DEPARTMENT OF	H173X210003	\$34,816	\$62,395 SPECIAL EDUCATION CLUSTER (IDEA)		\$1,982,752
EDUCATION FOR HOMELESS CHILDREN AND YOUTH	84.196		EDUCATION ARIZONA DEPARTMENT OF	\$196A210003	\$23,402	\$23,402	N/A	\$0
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	84.365A	EDUCATION ARIZONA DEPARTMENT OF	S365A210003	\$22,144	\$22,144	N/A	\$0
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367		EDUCATION ARIZONA DEPARTMENT OF	S367A210049	\$162,370	\$162,370	N/A	\$0
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424		EDUCATION ARIZONA DEPARTMENT OF	S424A210003	\$45,396	\$45,396	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425U	EDUCATION ARIZONA DEPARTMENT OF	S425U210038	\$3,710,617	\$3,779,533	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425D	EDUCATION ARIZONA DEPARTMENT OF	S425D210038	\$56,433	\$3,779,533	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND TOTAL DEPARTMENT OF EDUCATION	84.425	COVID-19, 84.425W	EDUCATION	S425W210003	\$12,483	\$3,779,533	N/A	\$0
					\$7,081,528			

DEPARTMENT OF HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE PROGRAM TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES	93.778	PUBLIC CONSULTING GROUP, INC.	N/A	<i>\$8,988</i> \$8,988	\$8,988	N/A	\$0
TOTAL EXPENDITURE OF FEDERAL AWARDS				\$16,585,207			

Please Note: Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

HIGLEY UNIFIED SCHOOL DISTRICT NO. 60 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Fiscal Period 7/1/2021 - 6/30/2022

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Higley Unified School District No. 60 under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a twodigit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

HIGLEY UNIFIED SCHOOL DISTRICT NO. 60 SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2022

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: Yes
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: Yes

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: Yes

Summary Schedule of Prior Audit Findings required to be reported: No

HIGLEY UNIFIED SCHOOL DISTRICT NO. 60 SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2022

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2022-001 Repeat Finding: No Program Name/Assistance Listing Title: Coronavirus State and Local Fiscal Recovery Funds Assistance Listing Number: 21.027 Federal Agency: Arizona Governor's Office Federal Award Number: GFRT-21-1074 Pass-Through Agency: N/A Questioned Costs: N/A Type of Finding: Noncompliance, Significant Deficiency Compliance Requirement: Procurement, Suspension and Debarment

CRITERIA

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

CONDITION

The District did not initially meet the requirement to verify that covered transactions were only made to an entity that was not suspended or debarred or otherwise excluded.

CAUSE

The District only performed procedures to verify vendors were not suspended or debarred for contracts that were in excess of \$100,000.

EFFECT

The District was not in compliance with federal guidelines.

CONTEXT

A suspension and debarment check was not performed for two vendors with whom the District expended in excess of \$25,000 but less than \$100,000.

The sample was not intended to be, and was not a statistically valid sample.

HIGLEY UNIFIED SCHOOL DISTRICT NO. 60 SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2022

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2022-001

RECOMMENDATION

The District should update procurement policies to align with federal rules to verify vendors are not suspended or debarred. In addition, we recommend resources be allocated to train employees to ensure compliance with federal requirements regarding procurement.

VIEWS OF RESPONSIBLE OFFICIALS See Corrective Action Plan.

480.279.7000 | www.HUSD.org 2935 S. Recker Road, Gilbert, AZ 85295



February 15, 2023

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The names of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

Sincerely,

Tyler Moore Chief Financial Officer

HIGLEY UNIFIED SCHOOL DISTRICT NO. 60 CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2022

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2022-001

Program Name/Assistance Listing Title: Coronavirus State and Local Fiscal Recovery Funds Assistance Listing Number: 21.027

Contact Person: Tyler Moore, Chief Financial Officer

Anticipated Completion Date: June 30, 2023

Planned Corrective Action: Higley Unified School District #60 has updated the procurement policies to align with Federal rules to verify vendors are not suspended or debarred.

- Applicable finance staff have been trained on the additional rules and regulations regarding federal funding.
- For the vendors that have reached the Federal grant threshold of \$25,000 or meet certain other criteria as specified in 2 CFR §180.220; a binder has been created alphabetically listing their SAM.GOV documentation.
- In addition, Federal grant account codes are checked bi-monthly for reaching the Federal grant threshold.