

## How to Ensure Compliance with the Three Newly Added USFR Questions – Part One

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The Arizona Auditor General released the USFR Compliance Questionnaire (USFR CQ) for 2024-25 audits on July 23, 2025. The questionnaire contains three new questions that Arizona school districts will be required to be in compliance with...and Arizona auditors will be required to test. See below for further information regarding the new property control and general long-term debt questions, what they cover, likely audit requests and examples of sufficient supporting documentation.

*Section:* Property control

*Question:* PC02 – The District had security controls in place to help prevent theft, loss, unauthorized use, or damage to District property.

*What we have to audit/determine:*

- Security controls were in place based on physical observation of the District’s premises.
- New to FY25 – District established procedures to track property that is checked out from a central area (e.g., audio/visual equipment, media items, computers, or vehicles). This tracking mechanism should document the reason for the use, the person responsible for the property while checked out, and the return of the property.
- New to FY25 – Related to vehicle use, detailed mileage and use logs. These should be reviewed by District personnel to ensure vehicles are used only for District business.

*What we will ask for:*

1. Property tracking forms. Along with the “asset check in & out logs” (similar to a credit card log), we will be looking for documentation regarding the reason for use, the person responsible for the property while checked out, and the return of the property.

Example (click image below to download a PDF version):

### Technology Equipment Loan Form

**BORROWERS ARE RESPONSIBLE FOR LOSS/DAMAGE TO TECHNOLOGY EQUIPMENT**  
A minimum of two business days advance notice is required to ensure technology equipment availability

Technology Equipment Loan Form	
Name: _____	Department: _____
Phone: _____	E-mail: _____
Department Head: _____	
Cart/Case/ Laptop/Projector ID: _____	
Mouse:    yes    no	
Reason Technology Equipment is being borrowed: _____ _____ _____	
Location where borrowed equipment will be used: _____ _____	
Terms of Loan: The Technology Equipment indicated above is the property of the [REDACTED] and is to be used only for the purposes indicated in the borrowing policy.	
Period of loan: From _____ To _____	
Restrictions of use: _____ _____	
I have read and understand the equipment borrowing policy detailed above. I understand that I am responsible for damage or loss of the above equipment while it is in my care, custody, and control.	
Signature of borrower: _____	Date: _____
Authorized by: _____	Date: _____
Complete upon return of loaned equipment: I, _____ (print name), acknowledge receipt and inspection of the equipment listed above.	
Remarks: _____ _____ _____	
Signed: _____	Date: _____

Loss Control #

Police Report #

- For vehicle use, we will review vehicle mileage logs for a sample of months. We will specifically ask which District employee/department is responsible for maintaining and reviewing these logs.

Example:

██████ Daily Mileage and Ridership 24-25

Week of May 5, 2025

SPED ROUTE #	BEGINNING MILEAGE	ENDING MILEAGE	TOTAL		STUDENT COUNT
B10	41698	41884	186		12
B15	38778	39029	251		17
B22	28939	29152	213		34
B24	49203	49581	378		31
B29	61418	61815	397		28
B32	29439	29681	242		11
W1	56559	56951	392		22
W2	78586	78993	407		18
W3	35587	35876	289		20
W4	16260	16522	262		24

- Description of the District’s process to ensure vehicles are only used for District purposes. Consider developing a typed narrative description to share with your auditors and have for District training/turnover purposes.

Example:

- Vehicles are assigned only to authorized District staff for approved student transportation, maintenance, or operational purposes.
- Use of vehicles requires prior authorization from the Transportation Director or Dispatcher.
- Bus drivers and white fleet users must have a documented trip request, route sheet, or dispatch assignment before operating a vehicle.
- All trips are tied to District activities such as home-to-school transportation, field trips, athletic events, or official business travel.
- All school buses and white fleet vehicles are equipped with GPS (Synovia) to monitor location, mileage, and usage.
- Weekly reports can be reviewed by Transportation leadership to ensure routes and trips align with authorized assignments.
- Fueling requires use of a District-issued pin or request tied to the specific vehicle, and fuel consumption is tracked against mileage.
- All Yellow fleet and White Fleet Van keys are distributed and returned by our Transportation leaders.

*Section: General long-term debt*

*Newly added compliance question:* GLTD05 – The District held a public meeting each year between September 1 and October 31, until the bond proceeds are spent to discuss an update of the progress of capital improvements financed through bonding and the public was allowed an opportunity to comment. A.R.S. §15-491(K).

*What we have to audit/determine the meeting covered:*

- A comparison of the current status and the original projections on the construction of capital improvements.
- The costs of capital improvements.
- The costs of capital improvements in progress or completed since the prior meeting.
- The future capital bonding plans of the school district.
- The District’s use of State capital aid and voter-approved capital overrides in funding capital improvements, if any.

*What we will ask for:*

A copy of the presentation given to the governing board from 9/1/20XX – 10/31/20XX. If the presentation itself does not include the date it was given, please provide the meeting agenda. As a reminder, this meeting must be held each fiscal year. This requirement is in effect until all bond proceeds are expended. This requirement is only applicable to school districts with bond monies.

Tip: This presentation is often embedded into the Annual Financial Report (AFR) Board presentation given each fiscal year. Adding specific slides related to ‘Bond, Maintenance & Operation and District Additional Assistance Override Fund Updates’ would suffice this USFR compliance requirement.

See next week’s article, “How to Ensure Compliance with the Three Newly Added USFR Questions – Part Two” for further information regarding the new transportation question, what it covers, likely audit requests and examples of sufficient supporting documentation.

To view the complete USFR Compliance Questionnaire located at the back of the USFR Manual, click here: <https://www.azauditor.gov/resources/school-districts/manuals-memorandums>

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