



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

January 5, 2024

Arizona State Board of Education
1700 W. Washington St.
Executive Tower Ste. 300
Phoenix, AZ 85007

Dear Members of the State Board:

In accordance with Arizona Revised Statutes §15-271, we are notifying you that Ganado Unified School District (District) has not corrected its deficiencies with the *Uniform System of Financial Records for Arizona School Districts* (USFR). Accordingly, we request that the Arizona State Board of Education (State Board) take appropriate action as prescribed in A.R.S. §15-272.

In December 2022, we notified the District that it had not complied with the USFR based on our review of its fiscal year (FY) 2021 financial audit reports and USFR Compliance Questionnaire (questionnaire). In August 2023, we further notified the District that it was still in noncompliance with the USFR based on our review of its FY 2022 financial audit reports and questionnaire. From the date of our August letter, we gave the District an additional 45 days to demonstrate its compliance with the USFR.

In October 2023, the District provided a required corrective action plan (CAP) for our review. Based on assertions in the District's CAP and discussions with the District, we determined that it has not made enough progress in correcting its deficiencies to warrant a status review, and it is still in noncompliance with the USFR. Further, our October 2023 performance audit of the District identified additional internal control deficiencies not cited in its FY 2022 questionnaire. We have attached a list of the most significant USFR compliance deficiencies noted in both reports.

Yesterday, we provided the District an updated CAP template to document its corrective actions taken to comply with the USFR. Once the District can demonstrate that it has implemented and evaluated the efficacy of its corrective actions, it should ask my Office to perform a status review. Otherwise, the District's FY 2023 financial audit reports and questionnaire are due by March 31, 2024. Once those reports are submitted, we will review them to determine if the District is no longer in noncompliance with the USFR and update the State Board.

If you have questions concerning this matter, please call Meghan Hieger, Director, or Megan Smith, Manager, within our Accountability Services Division at (602) 977-2796.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

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cc: Governing Board

Dr. Leandra Thomas, Superintendent

Ms. Henrietta Keyannie, Director Business Services

Ganado Unified School District

The Honorable Joy Whiting, Apache County School Superintendent

Mr. Sean Ross, Executive Director

Arizona State Board of Education

Mr. Art Harding, Chief Operations Officer

Ms. Nicole von Prisk, Deputy Associate Superintendent, Grants Management

Arizona Department of Education