



STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

April 17, 2018

Governing Board
Palominas Elementary School District No. 49
P.O. Box 38
Hereford, AZ 85615

Members of the Board:

We have reviewed the District's audit reports and *Uniform System of Financial Records (USFR)* Compliance Questionnaire for the year ended June 30, 2017, prepared by Heinfeld, Meech & Co., P.C., along with the results of our Office's 6-month followup on our performance audit dated March 29, 2018, to determine whether the District substantially complied with the USFR.

The USFR prescribes the minimum internal control policies and procedures for Arizona school districts. The policies and procedures in the USFR are designed to help school districts maintain adequate financial accountability and compliance with federal and state laws and regulations. The District is responsible for complying with the USFR.

As a result of our review, we noted significant deficiencies in internal controls that indicate the District had not complied with the USFR. We provided the specific details of the most significant deficiencies noted in our review to district management for correction. We will schedule a meeting with district management to discuss developing a corrective action plan, and district management should implement corrective actions within 90 days after the date of this letter.

After the 90-day period, we will review the District's corrective action plan and may require revisions to ensure the plan adequately addresses the deficiencies. We will allow additional time for the District to revise its plan, if necessary, and for the District to operate under its new procedures before we schedule an onsite review to evaluate the impact of the corrective actions taken.

If you have any questions, please call Cris Cable, Accounting Services Manager, or me at (602) 553-0333.

Sincerely,

Laura J.P. Miller, CPA
Accounting Services Director

cc: Ms. Marylotti Copeland, Superintendent
Ms. Staci Buonaccorsi, Business Manager
Palominas Elementary School District No. 49
The Honorable Jacqui Clay, Cochise County School Superintendent
Ms. Shari Zara, Deputy Superintendent Operations
Ms. Sarah Hendrix, Deputy Associate Superintendent, Grants Management
Arizona Department of Education