



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

May 4, 2017

Governing Board
Red Mesa Unified School District No. 27
HC 61, Box 40
Teec Nos Pos, AZ 86514-9600

Members of the Board:

We previously notified you that the District had not complied with the *Uniform System of Financial Records* (USFR).

We have since received and reviewed the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2016, and the Agreed Upon Procedures Report issued on January 13, 2017, to determine whether the District was in compliance with the USFR. Based solely on our review of these documents, the District has complied with the USFR.

However, we noted that the District had numerous internal control deficiencies cited by its auditors. These deficiencies indicate that the District did not have adequate internal controls over expenditure processing, leaving district monies susceptible to loss, theft, and misuse. In addition, the District's internal controls over purchasing were weak, limiting the fair and open competition among vendors that helps ensure the District receives the best possible value for the public money it spends.

Although the cited deficiencies do not cause substantial noncompliance, the District must take corrective action to continue to satisfactorily comply with the USFR, adequately safeguard district monies, and ensure compliance with the School District Procurement Rules (*Arizona Administrative Code R7-2-1001 et seq*).

If you have questions concerning the deficiencies or how to correct them, please call Laura Miller, Accounting Services Director, or Cris Cable, Accounting Services Manager, at (602) 553-0333.

Sincerely,

Debbie Davenport
Auditor General

cc: Mr. Kim Pearce, Superintendent
Ms. Henrietta Keyannie, Chief Financial Officer
Red Mesa Unified School District No. 27
The Honorable R. Barry Williams, Apache County School Superintendent