



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

July 25, 2013

The Honorable John Huppenthal
Superintendent of Public Instruction
Arizona Department of Education
Executive Officer
Arizona State Board of Education
1535 West Jefferson Street
Phoenix, AZ 85007

Subject: Baboquivari Unified School District No. 40

Dear Mr. Huppenthal:

In August 2012, we requested that the Arizona State Board of Education (Board) take action on Baboquivari Unified School District No. 40 (formerly known as Indian Oasis-Baboquivari Unified School District No. 40) because the District had not submitted its audit reports and Uniform System of Financial Records (USFR) Compliance Questionnaire for the years ended June 30, 2010 and 2011.

The District appeared before the Board on September 24, 2012, for determination of noncompliance with the USFR for failing to submit audit reports and to have state funds withheld pursuant to Arizona Revised Statute (A.R.S.) §15-272(B). The Board withheld 6% of the District's state aid.

We received the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2010, prepared by CliftonLarsonAllen LLP. Based on our review of those reports, we determined that the District has not complied with the USFR in regard to internal controls and issued a letter to the District dated November 5, 2012.

To date, we still have not received the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2011. In addition, we have not received the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2012, which were due by March 31, 2013. Therefore, the District still has not complied with the USFR and state and federal law in regard to report submission.

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Consequently, we request that the Board take appropriate action as prescribed by A.R.S. §15-272 as a result of the District's continued noncompliance with the USFR.

My Office will not perform a status review until the past-due audit reports and USFR Compliance Questionnaires have been submitted to us, the District notifies the Board that it has substantially corrected its internal control deficiencies, and the Board requests that we perform a status review. At that time, we will contact the District to discuss in detail what action it has taken to correct its internal control deficiencies and whether a status review is warranted.

If you have questions concerning this matter, please call Laura Miller, Accounting Services Director, or Michael Stelpstra, Accounting Services Manager, at (602) 553-0333.

Sincerely,

Debbie Davenport
Auditor General

cc: Governing Board

Dr. Alberto Siqueiros, Superintendent

Baboquivari Unified School District No. 40

The Honorable Linda Arzoumanian, Pima County School Superintendent

Mr. Vince Yanez, Executive Director

Arizona State Board of Education

Ms. Stacey Morley, Executive Director of Policy Development and Government Relations

Arizona Department of Education