



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

June 21, 2012

Governing Board  
Bisbee Unified School District No. 2  
100 Old Douglas Road  
Bisbee, AZ 85603-1038

Members of the Board:

In March 2012, we 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, 2011, to determine whether the District was in compliance with the USFR as of that date. Based solely on our review of these documents, the District has complied with the USFR.

However, we noted that the District still had numerous internal control deficiencies cited by its auditors in the Schedule of Findings and Questioned Costs and the USFR Compliance Questionnaire. These deficiencies indicate that the District's internal controls are still especially weak over procurement, limiting the fair and open competition among vendors that helps ensure the District receives the best possible value for the public money it spends. In addition, the District did not maintain adequate separation of responsibilities over cash-handling, recordkeeping, and payroll processing duties. These control weaknesses leave district monies susceptible to loss, theft, or misuse.

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

If you have questions concerning the deficiencies or how to correct them, please call Jerry Strom, Accounting Services Manager, or me at (602) 553-0333.

Sincerely,

Laura J.P. Miller, CPA  
Accounting Services Director

cc: Mr. James Phillips, Superintendent  
Mr. Roger Studley, Business Manager  
Bisbee Unified School District No. 2  
The Honorable Trudy Berry, Cochise County School Superintendent  
Ms. Stacey Morley, Executive Director of Policy Development and Government Relations  
Arizona Department of Education