



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

June 13, 2013

Governing Board
Cedar Unified School District No. 25
P.O. Box 367
Keams Canyon, AZ 86034-0367

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, 2012, 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 auditor in the Schedule of Findings and Questioned Costs and the USFR Compliance Questionnaire. These deficiencies indicate that the District did not maintain adequate separation of responsibilities over the authorization, programming, and operation of information technology systems. In addition, the District's internal controls are still especially weak in the area of capital assets, leaving district property 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 and adequately safeguard district property.

In April 2011 the Arizona State Board of Education placed the District in receivership pursuant to Arizona Revised Statutes (A.R.S.) §15-103. The purpose of our review of the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2012, was not to determine whether the District is financially solvent in accordance with A.R.S. §15-103(J). Accordingly, we do not express an opinion on the District's financial solvency.

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

Sincerely,

Laura J.P. Miller, CPA
Accounting Services Director

cc: Dr. Kim Randall, Superintendent
Ms. Henrietta Keyannie, Chief Fiscal Officer
Cedar Unified School District No. 25
Mr. Robert O. Bacon, Receiver for Cedar Unified School District No. 25
Simon Consulting, LLC
The Honorable Linda Morrow, Navajo County School Superintendent
Ms. Stacey Morley, Executive Director of Policy Development and Government Relations
Arizona Department of Education