



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

September 28, 2010

Governing Board
Riverside Elementary School District No. 2
1414 South 51st Avenue
Phoenix, AZ 85043-8016

Members of the Board:

We previously notified you that the District had not complied with the *Uniform System of Financial Records* (USFR) based on our review of the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2007.

We have since received and reviewed the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2009, 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 over student activities left student monies susceptible to loss, theft, or misuse. Further, the District's controls are especially weak over procurement, limiting the open and fair competition among vendors that helps ensure that the District receives the best possible value for the public monies 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 student monies, and ensure compliance with the School District Procurement Rules (*Arizona Administrative Code* R7-2-1001 et seq) and competitive purchasing guidelines in USFR Memorandum No. 248.

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

Sincerely,

Debbie Davenport
Auditor General

cc: Dr. Jamie Rivera, Superintendent
Mr. Jose Moreno, Executive Director of Business and Human Services
Riverside Elementary School District No. 2
The Honorable Don Covey, Maricopa County School Superintendent
Ms. Vicki G. Salazar, Associate Superintendent for Business and Finance
Arizona Department of Education