



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

June 21, 2013

Governing Board
San Carlos Unified School District No. 20
P.O. Box 207
San Carlos, AZ 85550-0207

Members of the Board:

In October 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 auditors in the Schedule of Findings and Questioned Costs and the USFR Compliance Questionnaire. These deficiencies indicate that the District's internal controls are especially weak in the areas of capital assets and procurement, leaving district property susceptible to loss, theft or misuse and 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, safeguard district property, 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 Michael Stelpstra, Accounting Services Manager, or me at (602) 553-0333.

Sincerely,

Laura J.P. Miller, CPA
Accounting Services Director

cc: Dr. Richard Wilde, Superintendent
Ms. Sharon Nosie, Business Manager
San Carlos Unified School District No. 20
The Honorable Linda L. O'Dell, Gila County School Superintendent
Ms. Stacey Morley, Executive Director of Policy Development and Government Relations
Arizona Department of Education