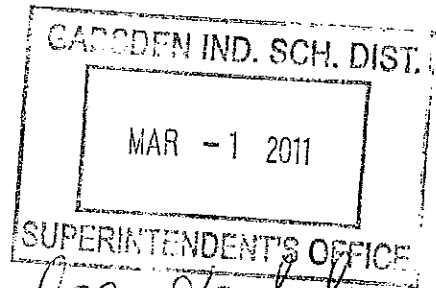




STATE OF NEW MEXICO
 PUBLIC EDUCATION DEPARTMENT
 300 DON GASPAR
 SANTA FE, NEW MEXICO 87501-2786
 Telephone (505) 827-5800
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Copy to S. Suggs

SUSANA MARTINEZ
 Governor



HANNA SKANDERA
 SECRETARY OF EDUCATION

February 23, 2011

Ms. Cynthia Nava, Superintendent
 Gadsden Independent Schools
 PO Drawer 70
 Anthony, NM 88021

Re: Desk Review of Independent Auditor's Report -- June 30, 2010
 Audit Conducted by: Griego Professional Services, LLC

Dear Ms. Nava:

We have completed the desk review of Gadsden Independent Schools Independent Auditor's Report for the fiscal year ended June 30, 2010. Our desk review is conducted pursuant to the Audit Resolution Process established within Regulation 6.21.2.8 NMAC. The purpose of the review is to "provide an opinion as to whether legal requirements regarding expenditure of funds are being met with regard to:

- (1) contract, grant, subgrant or cooperative agreement obligations are met;
- (2) all applicable federal and state laws, rules, and regulations are being adhered to;
- (3) claimed costs are eligible; and
- (4) adequate internal control systems are in place."

Based on our review, we note for 21 findings contained in your 2011 audit report, 12 of them are repeated from prior year(s).

We are especially concerned about **06-01 Bank Reconciliations**; **08-06 Capital Assets** a repeated Federal Award violation and **09-06 Cash Management** in which the District temporarily "borrowed" funds from the Public Schools Capital Outlay fund to cover approximately \$3,900,000 in Operational Expenditures. Also noted is current year Federal Award violation, **10-01 Over Estimated Summer Payroll**. Please explain whether you consider these findings to have been resolved, and your reasons for this conclusion. Your written response is required on the status and/or resolution of corrective action taken

Regarding the remaining findings, please indicate which of these you have reason to believe will not be repeated in the FY2012 audit. Of those which you anticipate may be repeated, please describe what corrective action(s) have been taken and the anticipated date of resolution.

Pursuant to the regulation cited above your office has 30 days from the date of this letter in which to respond. Please be reminded that the Audit Resolution Process stipulates that responses toward the resolution of any audit findings contained in the Office of Inspector General's desk review letter must be approved by the local board of education at a legally scheduled meeting. **If board approval cannot be obtained within these 30 days, please submit documentation that your local board has approved the district's response at a later date.**

Your cooperation in this matter is appreciated. If we can be of assistance in this or any other matter, please contact Grace Garcia at (505) 476-1886.

Sincerely,

A handwritten signature in cursive script that reads "Sheridan Bamman".

Sheridan Bamman, CPA, CIA, CFE
Inspector General