

The December 2019 Sunnyside Unified School District performance audit found that the District lacked adequate accounting and computer controls, failed to ensure that all employees and governing board members completed a conflict-of-interest disclosure form, provided food and beverages at District events and a public café without express statutory authority to do so, and needed to improve recordkeeping for its transportation program. We made 19 recommendations to the District, and its status in implementing the recommendations is as follows:

Status of 19 recommendations

Implemented	14
Not yet applicable	1
Not implemented	4

We will conduct a 54-month followup with the District on the status of the recommendations that have not yet been implemented.

Finding 1: District’s inadequate accounting and computer controls increased risk of errors and fraud and led to incorrect payments

1. The District should look for ways to ensure prompt repayment of all amounts owed for unsupported travel expenses charged on District credit cards, such as removing credit card privileges until unsupported amounts are repaid.

Implemented at 18 months

2. The District should revise its travel policy to include guidelines related to using the most reasonable economic means possible for travel arrangements.

Implemented at 18 months

3. The District should ensure Board members are familiar with the District’s credit card and travel policies and procedures and consequences for not following them and require them to sign a credit card user agreement.

Implemented at 18 months

4. The District should improve its cash collection procedures, including reviewing voided sales; recording information that can be used to verify that the appropriate amount of cash was collected, such as the number of items sold and each item’s selling price; and reviewing supporting documentation when reconciling bank statements.

Not implemented—The District previously implemented a Sales/Transaction Void Form that bookstore employees must complete for each voided sale explaining the reason it was voided. We requested all completed Sales/Transaction Void forms and supporting documentation from July 2022 through March 2023. However, despite our multiple requests, the District failed to provide all requested documentation and provided documentation for only 1 completed Sales/Transaction Void form.¹ Therefore, we could not determine whether the District improved its cash collection procedures.

¹ District officials reported that other Sales/Transaction Void forms were completed during the time frame we reviewed but did not provide these forms in response to our requests.

Further, District employees who collect monies at fundraisers and events, such as club sponsors and ticket sellers, must complete a cash collection form that shows the number of items or tickets sold and their sale prices. With this information, bookstore employees can verify that the employees who collect and submit cash to the bookstore for deposit submitted the amount of cash that accurately reflects the value of what was sold at fundraisers and events. Additionally, since cash collected at bookstores needs to be submitted to the District office, these cash collection forms also allow District business office employees to verify that bookstore supervisors submitted proper amounts of cash for deposit with the District office.

We requested all completed cash collection forms, bank deposits, and bank reconciliations completed during 1 month in fiscal year 2023. However, despite our multiple requests, the District failed to provide all requested documentation and provided documentation for only 1 completed cash collection form and 1 completed bank reconciliation report with the associated deposits from different months. Therefore, we could not determine whether District business office employees had been reviewing these cash collection forms and verifying that bookstore supervisors submit the proper amount of cash for deposit. Additionally, due to the District's lack of documentation, we could not determine whether District business office employees had been reviewing supporting documentation when reconciling bank statements, which is important for ensuring all District cash collected is deposited.

5. The District should ensure that it requires an independent review and approval for all its purchases prior to the purchases being made.

Not implemented—Although the District has implemented new processes since the audit to ensure compliance with its purchasing policies and procedures, between July 2022 and March 2023, the District identified 21 instances when staff failed to follow its purchasing policies and made purchases without prior approval. Further, among the staff who did not follow District purchasing policies when making the 21 purchases without prior approval, 4 employees were repeat offenders. These 4 employees made these purchases after the District had established its new procedures. The District's new procedures require employees who do not follow the purchasing policies and procedures to review the District's purchasing policies and procedures; sign a form acknowledging their understanding of proper purchasing policies and procedures and their potential personal liability for unauthorized purchases; and indicate steps they will take to ensure compliance with District policy. We reviewed a sample of 8 judgmentally selected employee forms to determine whether the District followed its procedures for employees who did not follow the District purchasing policies. We found 2 instances where an employee failed to indicate that they reviewed the District's purchasing policies and procedures; 1 instance where an employee failed to sign the District form acknowledging their understanding of proper purchasing policies and procedures and their potential personal liability for unauthorized purchases; and 2 instances where an employee failed to indicate steps they would take to ensure compliance with District policy.

6. The District should establish and implement procedures to review employee pay to help ensure that employees are paid correctly.

Implemented at 18 months

7. The District should revise its policy to require that its governing board members complete the District's annual Conflict of Interest Disclosure Form.

Implemented at 18 months

8. The District should conduct annual training to ensure District conflict-of-interest policies are communicated to employees and governing board members and acknowledged as received and understood.

Implemented at 18 months

9. The District should implement a process to ensure that all employees and governing board members complete the District's annual Disclosure Form, according to District policy, and maintain completed Disclosure Forms in a file.

Implemented at 18 months

10. The District should review Disclosure Forms completed by employees and governing board members in a timely manner and flag higher-risk transactions for situations of identified conflicts of interest to ensure appropriate safeguards are taken and District policies are appropriately followed.

Implemented at 18 months

11. The District should limit users' access in the accounting system to only those accounting system functions needed to perform their job duties.

Implemented at 18 months

12. The District should review and reduce the number of users with administrator-level access to its accounting system to reduce the risk of unauthorized access.

Implemented at 18 months

13. The District should improve procedures to ensure that terminated employees have their computer network and accounting system access promptly removed to reduce the risk of unauthorized access.

Implemented at 18 months

14. The District should review its information technology contingency plan to ensure it is complete, test it at least annually to identify and remedy any deficiencies, and document the results of the test.

Implemented at 18 months

Finding 2: District provided food and beverages at District events and public café without express statutory authority to do so

15. The District should stop providing food and beverages for any purposes for which it does not have express statutory authority.

Not implemented—After the audit, State law changed to allow school district governing boards to provide food and beverages at school district events, including official school functions and trainings.² In January 2023, the District's Governing Board (Board) adopted a resolution regarding the provision of food, beverages, and catering services to District staff members, students, and others at events organized and/or sponsored by the District. The resolution authorizes the District to provide catering services at events organized and/or sponsored by the District and specifies that any such catering services should be paid from the District's gifts account and/or other funds authorized for that purpose. The resolution also directed the District's Superintendent to develop a form no later than January 31, 2023, to be used whenever a catering request for District events is made. The resolution required that the form include the following information: the express legal authority that allows for the provision of food, beverages, and catering at the event; the public purpose and benefit of providing food and beverages at the event; confirmation that the purchases are in accordance with the District's policies; documentation of approval of the purchase by the appropriate administrator; documentation that itemized receipts have been obtained and filed with the request form when the purchase is completed; and documentation of the funding source used and confirmation that the purchase is allowable under that funding source. The District provided a copy of the catering request form it developed, which included all the required elements outlined in the Board resolution. However, although District officials reported that the District provided food and beverages for 7 events in February 2023, they also reported they did not use the catering request form required by the Board's resolution for these events. By not using the required form, the District cannot demonstrate that it had express statutory authority to provide food and beverages at these events, that these events were paid from the District's gifts account and/or other funds authorized for that purpose, and that these events served public purposes.

² Effective September 29, 2021, Laws 2021, Ch. 437, amended Arizona Revised Statutes §15-342. School district governing boards are authorized to provide food and beverages under this statute subject to Article IX, Sec. 7, Constitution of Arizona, the laws pertaining to travel and subsistence; gifts; grants, including federal grants; and devises and policies adopted by the Arizona Department of Education.

16. The District should ensure that it has express statutory authority before providing food and beverages. For each allowable District event, the District should document its statutory authority, document the public purpose and benefit of providing food and beverages at the event, ensure the event and all purchases are in accordance with its policies, maintain proper approval and itemized receipts for all purchases, document the funding source used, and ensure any purchases are an allowable use of the funding source.

Not implemented—As discussed in Recommendation 15, our review found that the District did not use the catering request form required by the Board’s resolution for 7 events in February 2023 for which it provided food and beverages, and therefore could not provide documentation that it ensured it had express statutory authority before doing so.

17. The District should ensure that revenues from statutorily authorized events cover all related costs.

Not yet applicable—Since the District has not yet implemented recommendations 15 and 16 to ensure that it has express statutory authority to provide food and beverages at District events, this recommendation, which pertains specifically to statutorily authorized events, is not yet applicable.

Finding 3: Lack of transportation oversight led to increased student safety risk and insufficient documentation

18. The District should develop and implement procedures to ensure that bus driver certification requirements are met and appropriately documented to help ensure student safety and to comply with the State’s Minimum Standards.

Implemented at 36 months—The District implemented a tracking system to ensure that its school bus drivers meet certification requirements. Our review of a judgmentally selected sample of 5 of the District’s 59 school bus drivers found that all certifications we reviewed were up to date. Additionally, our review of random drug and alcohol tests for all school bus drivers conducted in calendar year 2022 found that the District randomly drug tested at least 50 percent of its school bus drivers and alcohol tested at least 10 percent of its school bus drivers as required by the State’s Minimum Standards.

19. The District should establish and implement a formal written policy that states what school bus preventative maintenance work will be completed at what mileage and time frame, and maintain documentation of preventative maintenance performed to help ensure student safety and to comply with the State’s Minimum Standards.

Implemented at 36 months—In January 2020, the District developed and implemented a preventative maintenance schedule that identified maintenance services to be performed at specific mileage or time intervals. Additionally, the District’s procedures now require it to track and document when it performs school bus preventative maintenance. Our review of a judgmentally selected sample of 5 of the District’s 83 buses found that the District was following its formal written school bus preventative maintenance policy for the school buses we reviewed.