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OFFICE OF THE  
**AUDITOR GENERAL**

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December 18, 2014

Members of the Arizona Legislature

Governing Board  
Tolleson Union High School District

The Honorable Tom Horne, Arizona Attorney General

The Honorable John Huppenthal, Arizona State Superintendent of Public Instruction

The Office of the Auditor General (Office) has conducted a special investigation of the Tolleson Union High School District (District) for the period July 2009 through September 2011. The Office performed the investigation to determine the amount of public monies misused, if any, during that period and the extent to which those monies were misused.

The investigation consisted primarily of inquiries and examination of selected financial records and other documentation. Therefore, the investigation was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, the Office does not express an opinion on the adequacy of the financial records or the internal controls of the District. The Office also does not ensure that all matters involving the District's internal controls, which might be material weaknesses under standards established by the American Institute of Certified Public Accountants or other conditions that may require correction or improvement, have been disclosed.

The Special Investigative Report describes the Office's findings and recommendations as a result of this special investigation.

Sincerely,

Debbie Davenport  
Auditor General

Attachment



## SPECIAL INVESTIGATIVE REPORT

### District overview

### Our Conclusion

As part of its responsibility to prevent and detect fraud, the Tolleson Union High School District (District) administration took appropriate action by reporting a fraud allegation to our Office. Consequently, we conducted an investigation, which revealed that from July 2009 to September 2011, Jamie Fimbres, former principal's administrative assistant for Sierra Linda High School (SLHS), may have violated state laws related to theft, misuse of public monies, and fraud schemes when she embezzled \$10,521. Specifically, Ms. Fimbres personally used public monies she deposited in her personal checking account and in a private bank account that SLHS officials erroneously authorized. These officials relied on incorrect instruction from former district administrators that they should account for certain vending machine revenues outside of the District's accounts. Regardless, Ms. Fimbres used these monies, along with a school facility rental payment, for her personal benefit.

On December 15, 2014, the Arizona Attorney General's Office presented evidence of Ms. Fimbres' alleged crimes to the State Grand Jury, resulting in her indictment on three felony counts.



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**District provides education to high school students throughout Tolleson area**—For fiscal year 2013, the District received over \$90 million to educate nearly 10,000 students at its six high schools in the Tolleson area. Approximately 1,600 of these students attended SLHS, which more than 100 faculty and staff operated.

**Jamie Fimbres worked for the District from July 2000 to October 2011**—Ms. Fimbres began her employment with the District as an attendance advocate, and in March 2008, she was hired as the SLHS principal's administrative assistant. Her responsibilities included assisting with the principal's administrative functions as well as managing the faculty courtesy account, which was a private nondistrict bank account. After receiving allegations related to financial misconduct against Ms. Fimbres in September 2011, the District conducted a review and ultimately terminated Ms. Fimbres' employment on October 3, 2011.

### Ms. Fimbres embezzled and misused more than \$10,500 of public monies that should have benefited the District

From July 2009 to September 2011, Ms. Fimbres embezzled and misused \$10,521 of public monies by personally using monies she had deposited in the faculty courtesy account and in her personal account. As explained on the next page, former district administrators incorrectly directed Ms. Fimbres to deposit a portion of school vending machine revenues in the faculty courtesy account, which was a private nondistrict bank account. Because vending machine revenues are public monies, they should have been deposited in district accounts. She also deposited in the private faculty courtesy account a \$2,000 school facility rental payment that she should have forwarded to the SLHS bookstore for deposit. In addition, she misappropriated one \$555 vending machine revenue check by depositing it directly in her own personal bank account.

#### Ms. Fimbres' methods for misappropriating public monies July 2009 to September 2011

| Description                                 | Amount          |
|---|-----------------|
| Transfers to personal account               | \$ 5,733        |
| Withdrawals from faculty courtesy account   | 3,773           |
| Deposits district check to personal account | 555             |
| Transfers to parents' account               | 460             |
| Total theft and misuse of public monies     | <u>\$10,521</u> |

Source: Auditor General staff analysis of district and bank account records, and interviews with district staff.

Ms. Fimbres used \$10,521 from vending machine revenues and the faculty courtesy account for her personal benefit. Specifically, Ms. Fimbres unlawfully made 35 transfers totaling \$5,733 from the faculty courtesy account to her personal bank account. She also made two transfers totaling \$460 to her parents' personal bank account. Ms. Fimbres made many of these transfers when her personal bank account balance was insufficient to cover her personal expenses. Ms. Fimbres unlawfully used these transferred monies and the \$555 check she directly deposited in her account to help pay for her and her family's expenses. Ms. Fimbres also withdrew on several occasions cash totaling \$3,773 from the faculty courtesy account, which was not supported by any documents showing the money was used for the account's intended purposes.

## Former district administrators facilitated the school officials' mishandling of vending machine revenues

In 2006, contrary to district policies and the *Uniform System of Financial Records for Arizona School Districts* (USFR), former district administrators facilitated mishandling of public monies by incorrectly advising school officials that a portion of vending machine revenues should be managed separately from the District's accounts.<sup>1</sup> Consequently, SLHS officials accounted for these vending machine revenues outside of district accounts and deposited them in a private bank account, commonly known as the faculty courtesy account.<sup>2</sup> This made it easier for Ms. Fimbres to misuse these public monies. In particular, former district administrators erroneously stated that certain "vending accounts must be withdrawn from the bookstore" and authorized each school's bookstore to issue a check for the withdrawal of these revenues, written to an individual who would be responsible for "accounting for these funds outside of the district." Nonetheless, all vending machine revenues are public monies, and schools should deposit them in district accounts to help ensure the District can appropriately manage and protect them.

## SLHS administrators failed to provide adequate oversight and maintain effective internal controls

SLHS administration did not maintain effective internal controls over cash receipts and disbursements. As a result, the District allowed Ms. Fimbres to receive vending machine revenues and a school facilities rental fee payment, deposit and withdraw these public monies, and maintain bank records without independent review or oversight. As a result, Ms. Fimbres was able to misappropriate district monies undetected for more than 2 years.

### Recommendations

In the time since the Office of the Auditor General's investigation began, district administrators stated they have ceased giving portions of vending revenues to faculty and are now depositing all vending revenues in district accounts in accordance with district policies and the USFR. However, there are additional actions the District could have taken and should take now to improve control over public monies and help deter and detect fraud. Specifically, the District should:

- Ensure that no single employee has the ability to collect, record, and deposit cash receipts, including vending machine and facility rental revenues.
- Provide annual training to those school employees who collect monies, including administrative assistants, to educate them about district and USFR policies and procedures concerning cash receipts. In particular, the training should include the District's policy on prohibiting employees from depositing public monies in unauthorized bank accounts.
- Continue to ensure that all revenues received from vending machines are deposited in district bank accounts and used only for public purposes. The District should account for these monies in the Auxiliary Operations or Food Service Funds, unless the District has a Governing Board-approved agreement with a student organization to service or stock these machines, in which case the District can account for some or all of these monies in the Student Activities Fund.
- Assign a district or school employee to independently compare facility-use agreements to facility rental revenues to ensure all monies owed to the District are received and deposited in district accounts.

<sup>1</sup> The District should account for revenue from vending machines, school stores, soft drink machines, etc., not related to the regular food service program, under the District's Auxiliary Operations Fund in accordance with the USFR. According to district representatives, all vending revenues are now deposited in district accounts.

<sup>2</sup> Ms. Fimbres also deposited private monies, such as employee contributions, in this account and used the account's monies for nonpublic purposes such as meeting refreshments and flowers or gifts to commemorate employees' special occasions.