




Sunnyside Unified School District

66-Month Followup of Report 19-212

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.





District's status in implementing 19 recommendations

Implementation status		Number of recommendations
	Implemented	15 recommendations
	Partially implemented	1 recommendation
	Not implemented	3 recommendations

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our followup work on the District's efforts to implement the recommendations from the December 2019 report.

Recommendations to the District

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.
 Status: **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.
 Status: **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.
 Status: **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.
 Status: **Partially implemented at 66 months.**

The District has taken steps to effectively address concerns about voided sales. However, it continues to have deficiencies related to cash deposits for certain accounts and some bank statement reconciliations. Specifically, we reviewed all 63 student activities and auxiliary cash collections included on the District's February 2025 bank statement and identified the following issues:

 - Seven of the cash collections we reviewed did not have supporting documentation, such as the number of items sold and/or each item's selling price, to verify that the appropriate amount of cash was collected and deposited.
 - Six cash collections had supporting documentation that did not match the amount reported on the District's cash collection forms and deposit slips. For example, supporting documents showed that the District collected \$377 from book fair sales during 3 days in February 2025, but the corresponding cash collection form and deposit slip indicated that \$359 was deposited. District officials were unable to explain the \$18 discrepancy and did not know how much cash was actually collected and should have been deposited.

Additionally, although the District properly reconciled the bank statements to supporting documentation for monies collected through its high school bookstores, it lacked a similar process for monies that are submitted directly to the District office. For example, the District office collects monies for book fair sales and student club fundraisers but does not reconcile the deposits of these monies to supporting documentation.

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

▶ Status: **Implemented at 66 months.**

The District has established processes to ensure employees obtain prior approval for purchases, including steps to identify instances when employees fail to follow its purchasing policies and to address noncompliance. The District actively monitors staff's compliance with its purchasing policies and identified 15 purchases that staff made without prior approval between September 2024 and June 2025. When the District identifies noncompliance, it requires employees to review the District's policies and procedures; sign a form acknowledging their understanding of the proper purchasing procedures and their potential personal liability for unauthorized purchases; and indicate steps they will take to ensure compliance with District policy. These efforts have likely helped the District to reduce the number of purchases without advance approval and repeated noncompliance with its purchasing policies since our prior 30- and 42-month followup reports.

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

▶ Status: **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.

▶ Status: **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.

▶ Status: **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.

▶ Status: **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.

► Status: **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.

► Status: **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.

► Status: **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.

► Status: **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.

► Status: **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.

► Status: **Not implemented.**

Since our 2019 audit, State law and the District's practices related to this recommendation have changed. However, the District's efforts to comply with applicable State laws regarding the provision of food and beverages are not sufficient to ensure that its food and beverage purchases meet all State and District requirements. After our audit, the District closed its public café and has stopped providing catering services for events that are not organized and/or sponsored by the District. Additionally, State law was amended to allow school district governing boards to provide food and beverages at district events, including official school functions and trainings, subject to certain restrictions, including the Arizona Constitution's gift clause and limits on funding sources.^{1, 2}

¹ 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.

² Arizona caselaw interpreting the Arizona Constitution's gift clause, Art. IX, §7, requires that payment of public monies is for a public purpose and the value to be received by the public is not far exceeded by the consideration being paid by the public. *Wisturber v. Paradise Valley Unified School Dist.*, 141 Ariz. 346, 678 P.2d 354 (1984), *Turken v. Gordon*, 223 Ariz. 342, 224 P.3d 158 (2010), and *Schires v. Carlat*, 250 Ariz. 371, 480 P.3d 639 (2021).

Following the statutory change, in January 2023, the District's Board adopted a resolution authorizing the District to provide food, beverages, and catering services at events the District organizes and/or sponsors. The resolution specifies that all food, beverage, and catering services should be paid from specific authorized funds, such as the Gifts and Donations Fund. Additionally, the Board's resolution required the District to develop and use a request form to document the District's legal authority, public purpose, and funding source, and administrator review and approval for all food, beverages, and catering services. However, the Board's resolution does not appear to consider or restrict costs for food, beverages, and catering services, such as by specifying a per person spending limit, to ensure the District complies with the State's gift clause.

Further, although the District developed and used the required request form, we found that District administrators did not review and approve these requests and ensure compliance with State law, contrary to the Board's resolution. Specifically, the District's request form requires a District administrator's review and approval confirming that the request uses an allowable funding source and complies with the Board's resolution, State law, and the State's gift clause. However, we reviewed all 97 fiscal year 2025 request forms as of June 2025, which totaled at least \$23,000 in District expenditures, and none had been approved by a District administrator. Instead, each of these forms was signed off as approved by the District's food service vendor, who is responsible for providing the requested food and beverages to the District and is not a District employee.

Absent appropriate review and approval by an authorized District administrator, the District may be unable to demonstrate that its use of public monies to purchase food and beverages complied with State law and the State's gift clause. For instance, our review of all 97 fiscal year 2025 request forms as of June 2025 found that the District had provided food and beverages at events without an apparent public purpose, such as a baby shower and 2 retirement parties for which the District spent at least \$1,075 of public monies. The District noted the supposed public purpose on the request forms associated with these events, but as previously discussed, the forms were not approved by a District administrator.

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.

► Status: **Not implemented.**

As discussed in Recommendation 15, the District developed and used a request form to help ensure compliance with the Board's resolution, State law, and the gift clause when it provided food, beverages, and catering services at District events. However, District administrators had not reviewed and approved these forms, increasing the risk that the District's spending for food and beverages may not have been in accordance with the Board's resolution, State law, and the gift clause.

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

▶ Status: **Not implemented.**

As noted in Recommendation 15, the District no longer operates its public café, which was a concern during the 2019 audit. Although the District closed its café, it continues to lack a process for tracking costs and revenues associated with providing food and beverages at District events. Without such information, the District cannot effectively demonstrate that its spending for these events was in accordance with the Board's resolution, State law, and the gift clause.

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.

▶ Status: **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.

▶ Status: **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.