

Performance Audit

San Simon Unified School District

District lacked effective controls to limit access to its campus; did not ensure its employees and Governing Board members complied with certain conflict-of-interest requirements; did not follow cash, credit cards, and school bus pretrip requirements; and did not limit access to IT systems



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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

March 18, 2026

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor

Governing Board
San Simon Unified School District

Kari Wade, Superintendent
San Simon Unified School District

Transmitted herewith is a report of the Auditor General, *A Performance Audit of San Simon Unified School District*, conducted pursuant to Arizona Revised Statutes §41-1279.03. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

This school district performance audit assessed the District's spending on noninstructional areas, including administration, student transportation, food service, and plant operations, and made recommendations to the District to maximize resources available for instruction or other District priorities. As outlined in its response, the District agrees with all the findings and recommendations and plans to implement all the recommendations. My Office will follow up with the District in 6 months to assess its progress in implementing the recommendations. I express my appreciation to Superintendent Wade and District staff for their cooperation and assistance throughout the audit.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

San Simon Unified School District

Performance Audit

District lacked effective controls to limit access to its campus; did not ensure its employees and Governing Board members complied with certain conflict-of-interest requirements; did not follow cash, credit cards, and school bus pretrip requirements; and did not limit access to IT systems

Audit purpose

To assess the District's efficiency and effectiveness in 4 operational areas—administration, plant operations and maintenance, food service, and transportation—and its compliance with certain State requirements.

Key findings

- ▶ District leases some unused classroom space to an outside medical entity but did not ensure that the individuals employed by the outside entity who worked on campus had a valid fingerprint clearance card and a criminal background check in accordance with rental agreement terms. Additionally, the District has not established effective controls to limit unsupervised and/or unauthorized access to its campus and reduce risks to students, staff, and facilities.
- ▶ Some District employees and Board members did not complete or update conflict-of-interest disclosure forms when required, increasing the risk that undisclosed substantial interests could affect their official conduct, and 2 employees improperly participated in supervising close relatives.
- ▶ District did not follow some requirements related to cash-handling and credit cards, increasing the risk of errors, fraud, and unallowable purchases; and did not document required school bus pretrip inspections, increasing risks to student safety.
- ▶ District's excessive access to its sensitive computerized data and its lack of comprehensive authentication controls and a complete IT contingency plan increased the risk of unauthorized access to sensitive information, data loss, errors, and fraud.

Key recommendations to the District

- ▶ Develop and implement procedures to enforce rental agreement fingerprint and background check requirements, control and monitor campus visitor access, and manage and track facility keys to protect students and staff and prevent improper campus access.

- ▶ Ensure Board members and employees annually submit, and update as necessary, conflict-of-interest disclosure forms, review and remediate any disclosed conflicts, and provide periodic conflict-of-interest training.
- ▶ Develop and implement procedures for cash-handling and credit cards to ensure staff issue receipts for all cash received and securely maintain credit cards.
- ▶ Ensure all school bus drivers complete and document required pretrip operations checks.
- ▶ Protect IT systems and critical data by limiting access to IT systems to only those functions necessary for users to perform their job duties, implementing comprehensive authentication controls, and updating and testing its IT contingency plan.

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Objectives, scope, and methodology

- ▶ Efficiency and effectiveness
- ▶ Financial accounting data and internal controls
- ▶ Student achievement

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San Simon Unified School District— FYs 2024 and 2025

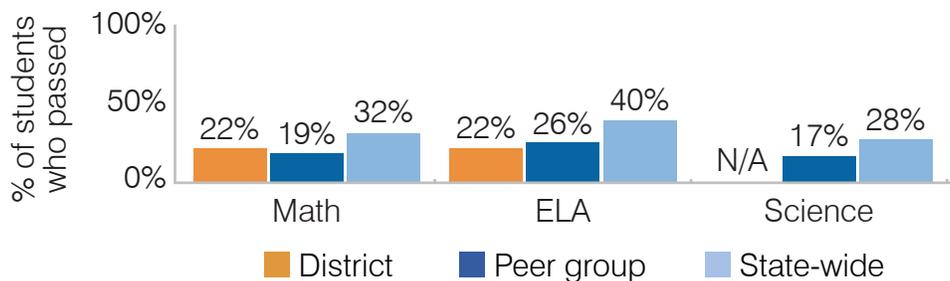
FY 2024 District information

District locality: Rural	Grades: Pre-K through 12	Number of schools: 1
County: Cochise	Students attending: 93	School letter grade: B
Filled certified FTE: 10	Filled classified FTE: 16	Filled Board positions: 5 of 5

Location



Student performance on State assessments¹



¹ We obtained the District's passage rates from publicly available data from the Arizona Department of Education (ADE). Student passage rates for the science assessment are not available due to ADE's redaction standards.

FY 2024 operational overview

Total operational spending—\$2.3 million (\$24,800 per student)



San Simon Unified School District is among Arizona's 58 very small school districts that each serve fewer than 200 students. Unlike larger districts, very small districts cannot benefit from economies of scale, and they spread their costs over fewer students. Thus, even relatively small expenses can substantially affect costs in a particular operational area. In fiscal year 2024, noninstructional spending exceeded instructional spending at 29 of 58 very small districts, and the average instructional spending percentage for these districts was below 50%.

Plant operations

District has taken action to address facility concerns it identified; however, it has not established effective controls to limit unauthorized access to its campus

The District's spending on plant operations was primarily for staff salaries and benefits, utilities, and insurance. The District has taken steps to address facility concerns it identified by working with the School Facilities Division and received more than \$2 million in fiscal year 2024 for projects such as plumbing, HVAC, and roofing.¹ However, the District has not established effective controls to limit unauthorized access to its campus and reduce risks to students, staff, and its facilities (see Finding 1).

Per student spending	Percent of total spending
\$4,874	19.7%

Administration

District did not comply with some State requirements and recommended practices related to conflicts of interest, cash-handling, credit cards, and information technology (IT)

A majority of the District's spending on administration was for superintendent and District office employees' salaries and benefits. However, some employees and Board members did not comply with certain conflict-of-interest requirements and recommended practices, resulting in 2 employees improperly participating in matters in which they had substantial interests and reduced transparency into District operations (see Finding 2). Additionally, the District did not follow some requirements related to cash-handling and credit card use, increasing the risk of errors, fraud, and unallowable purchases (see Finding 3). Further, the District's excessive access to its sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to sensitive information, data loss, errors, and fraud (see Finding 4).

Per student spending	Percent of total spending
\$4,138	16.7%

Transportation

District appeared to meet State requirements related to school bus preventative maintenance and driver certifications; however, it did not document required school bus pretrip operations checks

The District's transportation spending was primarily for school bus driver salaries and benefits and fuel. We found that the District's transportation program appeared to meet the State requirements related to school bus preventative maintenance and driver certifications. However, the District could not demonstrate that its school bus drivers consistently performed required pretrip operations checks, increasing student safety risks (see Finding 3).

Per student spending	Percent of total spending
\$1,146	4.6%

¹ The Arizona Department of Administration School Facilities Division's responsibilities include reviewing and approving district requests for Building Renewal Grants monies to complete school facilities repairs and renovation projects.

Operational areas with no reported findings

The District's spending on instruction support, student support, and other support services primarily consisted of salaries and benefits for support staff and contracted student services. Food service spending was primarily for staff salaries and benefits and food supplies. During our audit observations, we found that the District had implemented practices such as preparing meals based on daily student counts, which helped it to limit food waste. We did not identify substantial deficiencies in these areas.

Operational area	Per student spending	Percent of total spending
Instruction support, student support, and other support services	\$2,282	9.2%
Food service	\$1,593	6.4%

FINDING 1

District has not established effective controls to limit unsupervised and/or unauthorized access to its campus and reduce risks to students, staff, and facilities

Our review identified 3 issues relating to campus access at the District's school that could potentially pose a safety risk to students and staff and facilitate unauthorized access to District facilities. See the details below.

District allowed some visitors to bypass required check-in procedures, granting them unsupervised access to District's campus

The District leases some unused classroom space to an outside medical entity but had not established procedures to control and monitor access for visitors who are on campus for non-school-related purposes. Specifically, the District did not ensure it handled these campus visitors in accordance with District policy and recommended practices for school campus security. District policy requires all visitors to report to the office upon arrival and prohibits any person from entering school premises without approval. Similarly, recommended practices advise directing all school visitors through a single entry so that school staff can determine the purpose of the visit and the destination, and require visitors to sign in prior to gaining access.¹ However, we found that the District did not always enforce this policy or follow recommended practices for visitors. District officials indicated that they did not always control and monitor visitors because the efforts required to do so would interfere with daily campus operations. However, by not controlling and monitoring access to the District's campus, such as by requiring all visitors to sign in/sign out and supervising visitor activity while on campus for non-school-related activities, the District increased risks to student, staff, and visitor safety and security.

District lacked a process to ensure lessee that had direct access to its campus complied with fingerprinting and background check rental agreement terms, increasing campus safety and security risks

The District's rental agreement with the outside medical entity that leases some of its unused classroom space specifies that all individuals employed by the outside entity who are granted access to the District's campus must have a valid fingerprint clearance card in accordance with Arizona Revised Statute (A.R.S.) §15-512(H) and a criminal background check. However, the District had not implemented procedures to monitor its lessee to ensure it met these requirements intended to safeguard students and staff. District officials indicated that they believed the lessee was responsible for managing its employees' fingerprint clearance cards and background checks, and therefore, the District had not implemented procedures to monitor the lessee's compliance with these rental agreement provisions. However, by not ensuring that

¹ Recommended practices we reviewed included: United States Department of Homeland Security. (2012). *Buildings and Infrastructure Protection Series: Primer to Design Safe School Projects in Case of Terrorist Attacks and School Shootings*. Retrieved 10/31/2025 from https://www.dhs.gov/xlibrary/assets/st/bips07_428_schools.pdf

its lessee complied with fingerprinting and background check rental agreement provisions, such as by requiring and reviewing regular reports from the lessee demonstrating its compliance with these rental agreement terms, the District increased risks to student, staff, and visitor safety and security.

District did not systematically restrict building key access to only authorized personnel, increasing safety and security risks

Contrary to District policy and the *Uniform System of Financial Records for Arizona School Districts* (USFR), the District did not ensure that only authorized individuals had access to campus buildings and facilities.² District policy requires the District to maintain a record of assigned keys and specifies that prior to being issued keys, employees must complete a key agreement acknowledging the rules for using District keys. Additionally, the USFR requires school districts to safeguard district property by restricting access to school buildings and equipment to appropriate personnel and appropriate hours based on the intended use.

However, the District did not maintain complete and accurate records of assigned building keys and could not identify all individuals who had keys that could be used to access its facilities. Because of its insufficient key records, the District also could not verify how many keys existed, how many had been assigned to staff, and whether any keys were unaccounted for. Additionally, we found that the District's key agreement lacked critical elements, including which keys are issued to the individual signing the agreement, a prohibition against duplicating keys, and consequences for unauthorized use or loss of assigned keys. Further, we also found that to facilitate after-hours deliveries, the District had permitted a vendor to access keys that provided unnecessary entry to most of the District's facilities.

District officials indicated that due to the District's small size, they believed they could manage access and track key assignments without documented procedures or records. However, by not ensuring facility access is restricted to appropriate personnel, the District increased the risk of unauthorized use, theft, or damage to its property and increased risks to student and staff safety and security.

Recommendations to the District

- 1.** Develop and implement procedures to control and monitor visitor access to the District's campus, such as by requiring all visitors to sign in/sign out and supervising visitor activity at all times while on campus for non-school-related activities.
- 2.** Develop and implement procedures to ensure that all employees of its lessee with access to the District's campus have valid fingerprint clearance cards and have passed a criminal background check, such as by requiring and reviewing regular reports from the lessee demonstrating its compliance with these rental agreement terms.

² The Arizona Auditor General and ADE developed the USFR pursuant to A.R.S. §15-271. The USFR and related guidance prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements.

3. Immediately discontinue its practice of allowing any vendors to access District keys and update mechanisms that enabled vendors to access keys to prevent future inappropriate access.
4. Conduct a physical key inventory to determine how many District facility keys exist, how many are distributed and to whom, and the facilities each key can access.
5. Update its key agreement specifying rules and responsibilities for key use, including providing a space to indicate key assignments, disallowing the duplication of keys, and specifying the consequences for unauthorized use or loss of assigned keys in accordance with District policy.
6. Upon conducting the physical key inventory in recommendation 4 and updating its key agreement, accurately manage its key inventory by developing and implementing written procedures for distributing, tracking, and collecting keys from employees, including requiring employees to sign key agreements outlining their responsibilities as a key holder prior to keys' issuance, in accordance with District policy.

District response: As outlined in its [response](#), the District agrees with the finding and will implement the recommendations.

Some District employees and Board members did not comply with certain conflict-of-interest requirements and recommended practices, increasing the risk that undisclosed substantial interests could affect their official conduct

Statute addresses conflicts of interest for school district employees and Governing Board (Board) members

State conflict-of-interest laws, the USFR, and District policy require District public officers and employees to avoid conflicts of interest that might influence or affect their official conduct. To determine whether a conflict of interest exists, employees/public officers must first evaluate whether they or a relative has a “substantial interest” in (1) any contract, sale, purchase, or service to the District or (2) any District decision.¹ Additionally, according to the USFR, districts should establish procedures to ensure that all employees and Board members comply with conflict-of-interest laws.

If an employee/public officer or a relative has a substantial interest, statute and District policy require the employee/public officer to fully disclose the interest and refrain from voting upon or otherwise participating in the matter in any way as an employee/public officer.^{2,3}

The interest must be disclosed in the District’s official records, either through a signed document or the Board’s official minutes. Further, conflict-of-interest recommended practices indicate that employees should attest that they do not have any of these potential conflicts, if

Key terms

Substantial interest: Any direct or indirect monetary or ownership interest that is not hypothetical and is not defined in statute as a “remote interest.”

Remote interest: Any of several specific categories of interest defined in statute that are exempt from the conflict-of-interest requirements. For example, an employee or public officer who is reimbursed for actual and necessary expenses incurred while performing official duties.

Source: Auditor General staff review of A.R.S. §38-502 and the *Arizona Agency Handbook*. Arizona Office of the Attorney General. (2018). *Arizona agency handbook*. Phoenix, AZ. Retrieved 10/6/2025 from <https://www.azag.gov/office/publications/agency-handbook>

¹ A.R.S. §38-503(C) allows a school district governing board to purchase supplies, materials, and equipment from a school board member if the transaction complies with A.R.S. §§15-213 and 15-323. Specifically, a purchase from a board member must not exceed \$300 per transaction, and the total purchases from any board member must not exceed \$1,000 in a 12-month period. Additionally, the board must have adopted a policy authorizing the purchases within the preceding 12-month period. For governing boards of school districts with fewer than 3,000 students, A.R.S. §15-323(C) allows governing boards to make purchases from a board member in any amount, subject to provisions in A.R.S. §§15-213 and 15-323(C), including a requirement that the governing board approve any such purchase and the purchase amount or purchase contract be included in the meeting minutes for the meeting in which the board approved the purchase.

² A.R.S. §§38-502 and 38-503(A) and (B).

³ A.R.S. §38-502(8) defines “public officer” as all elected or appointed officers of a public agency established by charter, ordinance, resolution, State constitution, or statute. A.R.S. §38-502(6) defines “public agency” to include political subdivisions, and A.R.S. §38-502(5) defines “political subdivision” to include school districts. According to the *Arizona Agency Handbook*, public officers may or may not be paid. AAG, 2018.

applicable, also known as an “affirmative no” on their disclosure form. Statute requires school districts to maintain a special file of all documents necessary to memorialize all disclosures of substantial interest, including disclosure forms and Board meeting minutes, and to make this file available for public inspection.⁴

In response to conflict-of-interest noncompliance and violations investigated in the course of our work, such as employees/public officers failing to disclose substantial interests and participating in matters related to these interests, we have recommended several practices and actions to various school districts, State agencies, and other public entities.⁵ Our recommendations are based on recommended practices for managing conflicts of interest in government and are designed to help ensure compliance with State conflict-of-interest requirements by reminding employees/public officers of the importance of complying with the State’s conflict-of-interest laws.⁶ Specifically, conflict-of-interest recommended practices indicate that all public employees and public officers complete or be reminded to update a disclosure form annually. Recommended practices also indicate that the form includes a field for the individual to provide an “affirmative no,” if applicable. These recommended practices also advise developing a formal remediation process and providing periodic training to ensure that identified conflicts are appropriately addressed and help ensure conflict-of-interest requirements are met.

District’s conflict-of-interest procedures were not aligned with State requirements, District policy, and recommended practices, resulting in 2 employees’ improperly participating in matters in which they had a substantial interest and reduced public transparency

Our review of all conflict-of-interest forms the District maintained for its 6 Board members and 37 employees for fiscal year 2024 found that the District and some Board members and employees did not follow some conflict of-interest requirements and recommended practices.⁷

Specifically:

- ▶ **Contrary to the USFR, the District did not ensure that all Board members and employees submitted annual conflict-of-interest disclosure forms or complied with District policy requiring forms to be updated**

We found that the District did not obtain conflict-of-interest disclosure forms from 2 Board members and 7 employees in fiscal year 2024, as required by the USFR. The USFR indicates that school districts should require governing board members, officers, and employees to complete or update conflict-of-interest disclosure forms annually.

⁴ A.R.S. §§38-509 and 38-502.

⁵ See, for example, Auditor General reports 24-211 *Concho Elementary School District*, 21-404 *Wickenburg Unified School District—Criminal indictment—Conflict of interest, fraudulent schemes, and forgery*, 19-105 *Arizona School Facilities Board—Building Renewal Grant fund*, and 17-405 *Pine-Strawberry Water Improvement District—Theft and misuse of public monies*.

⁶ Recommended practices we reviewed included: The World Bank, Organization for Economic Cooperation and Development, & United Nations Office on Drugs and Crime. (2020). *Preventing and managing conflicts of interest in the public sector: Good practices guide*. Retrieved 10/6/25 from <https://www.unodc.org/documents/corruption/Publications/2020/Preventing-and-Managing-Conflicts-of-Interest-in-the-Public-Sector-Good-Practices-Guide.pdf> and New York State Authorities Budget Office (NYS ABO). (n.d.). *Conflict of interest policy for public authorities*. Retrieved 10/6/25 from <https://abo.ny.gov/system/files/documents/2025/05/conflictinterestpolicy.pdf>

⁷ The District has 5 positions on its Board. In fiscal year 2024, 1 Board member left the Board in December 2023 and was replaced by a new Board member in January 2024.

Accordingly, District policy requires employees to submit disclosure forms within 5 days of beginning employment and annually thereafter, and to update such forms within 15 days of identifying a new substantial interest. Although District policy does not include the same requirement for Board members, the District indicates that it also expects Board members to complete disclosure forms annually.

According to the District, employees and Board members typically complete disclosure forms during in-service trainings or Board meetings held at the beginning of each school year. However, the District lacks procedures for ensuring that disclosure forms are completed by employees or Board members who are not present when the disclosure forms are distributed. For instance, several of the missing employee disclosure forms were for individuals who likely did not attend the District's in-service training, such as coaches, substitute teachers, or those hired later in the school year. Similarly, the District lacked disclosure forms for 2 Board members, 1 of whom did not attend any fiscal year 2024 Board meetings and the Board member's replacement who took office during the school year.

We also found that 2 District employees did not update their conflict-of-interest disclosure forms, as required by statute and District policy, to disclose new substantial interests. Both of these individuals had relatives representing substantial interests, but neither had disclosed their substantial interests in official records. The District's failure to ensure that all Board members and employees submitted annual and/or updated conflict-of-interest disclosure forms limited public transparency and the District's ability to identify and remediate conflicts. It also increased the risk that Board members or employees may have undisclosed substantial interests that could influence or affect their official conduct.

► **District did not ensure Board members' and employees' submitted disclosure forms were complete and accurate**

We reviewed all conflict-of-interest disclosure forms the District collected in fiscal year 2024 and found that all 4 Board members' forms and 17 of 30 employees' forms were incomplete and/or inaccurate. For example, some Board members and employees indicated on their forms that they had substantial interests but failed to provide details related to their disclosed substantial interests such as by describing their relationship, title, role, responsibilities, or compensation associated with the disclosed interest. In many cases, it appears that Board members and employees had intended to indicate that they did not have a substantial interest to disclose but completed the form incorrectly.

The District may have prevented many of the issues we identified during our review if it had provided Board members and employees with training on its conflict-of-interest requirements and utilized its Board-adopted conflict-of-interest disclosure forms. The Board-adopted forms include a section where Board members or employees may affirm that they do not have any substantial interests to disclose, also known as an "affirmative no." However, the District provided Board members and employees with outdated forms that did not include this item, and the District did not provide sufficient training on its conflict-of-interest requirements, process, and disclosure forms. Additionally, we found the District lacked a process to review conflict-of-interest disclosure forms after Board members and employees submit them to verify accuracy and to help remediate any potential conflicts.

▶ **Contrary to statute and District policy, 2 employees failed to disclose substantial interests and participated in supervising close relatives**

Contrary to District policy, the District’s maintenance director was in a position to directly supervise and oversee the work of her daughter who the District employed to perform summer maintenance projects. District policy states that no employee may be directly supervised by a close relative and specifies that this applies to summer or part-time workers as well as full-time employees. Additionally, the maintenance director failed to disclose the employment of her daughter for maintenance services as a substantial interest in official records, as required by statute and District policy. District officials indicated that, despite the maintenance director not disclosing the conflict, they were aware of the close relationship, and other maintenance employees were responsible for the daughter’s day-to-day supervision. Although the maintenance director did not approve personnel items such as her daughter’s employment agreement or time sheets, there was no evidence that the District made any formal supervisory arrangements to remediate the conflict and ensure compliance with State laws and District policy. As of July 2024, the maintenance director’s daughter no longer worked for the District.

Additionally, the District’s superintendent did not disclose her relative, who served as a maintenance employee in fiscal year 2024, as a substantial interest in official records. The superintendent subsequently participated in matters related to her relative’s employment and compensation including signing his employment agreement and approving his time sheets.⁸ We did not identify any improper payments or other benefit to this employee during our review, but the arrangement may have been contrary to State conflict-of-interest laws, which require all substantial interests to be disclosed and the individuals disclosing them to refrain from participating in any manner in matters related to their disclosed interests, including reviewing/approving time sheets. Additionally, the arrangement was likely unnecessary because other District employees, such as the maintenance director, were better positioned to monitor maintenance employees’ work hours and ensure the time sheets were accurate.

When we asked the superintendent why she had participated in matters related to her relative, she indicated she had not considered the impropriety until we brought it to her attention during the audit. However, as the superintendent, she is responsible for implementing and monitoring compliance with State laws and District policies, and as such, she must be aware of and demonstrate compliance with those requirements.

⁸ The District indicated that the superintendent reviews and approves all District employee time sheets as part of her responsibilities related to payroll processing.

Recommendations to the District

7. Establish and implement procedures requiring Board members and employees to annually submit, and update if any new conflict arises, Board-adopted conflict-of-interest disclosure forms accurately and fully describing any substantial interests they or their relatives have in any contract, sale, purchase, or service to the District or District decisions, or attesting that no conflicts exist, if applicable.
8. Establish and implement conflict-of-interest policies and written procedures to include a documented process for reviewing and helping remediate disclosed conflicts of interest.
9. Ensure the superintendent immediately and fully discloses all substantial interests and refrains from participating in any manner in matters related to her substantial interests including by immediately reassigning the superintendent's responsibility for signing employment agreements and/or reviewing and approving time sheets for her relative.
10. Require and document attendance for periodic training on its conflict-of-interest requirements, processes, and disclosure forms to its Board members and employees that include information about how the State's and District's conflict-of-interest requirements relate to their unique program, function, or responsibilities.

District response: As outlined in its [response](#), the District agrees with the finding and will implement the recommendations.

District did not follow some cash-handling and credit card requirements, increasing risk of errors, fraud, and unallowable purchases and did not document required school bus pretrip inspections, increasing risk to student safety

The District did not consistently follow requirements set forth by the USFR and/or District policy to ensure cash receipts were properly documented and credit cards were tracked and reconciled. By not following requirements in these various areas, the District increased the risk of errors, fraud, and unallowable purchases. Additionally, the District did not document school bus pretrip inspections, contrary to State standards, which increased risks to student safety. See the details below.

Deficiency 1: District did not consistently prepare receipts for cash received, increasing the risk of errors and fraud

We reviewed all cash the District collected and deposited with the County Treasurer in January, February, and June 2024, and found that the District did not prepare evidence of receipt for the nearly \$49,800 it collected and deposited, contrary to USFR requirements.^{1,2} The unreceipted cash payments were for various purposes, including facility rentals, teacherage utility payments, donations, sales of District property, grant disbursements, and career and technical education pass-through payments. While the District prepared evidence of receipt for other cash collections such as student activities, lunch account funds, extracurricular activities, and tax credit donations, District officials reported they did not prepare evidence of receipt for the cash transactions we identified because they did not have procedures in place to receipt these types of revenues. The District's failure to establish and maintain effective procedures to safeguard its cash as required by the USFR increased its risk of errors and fraud, and resulted in the District lacking documentation to demonstrate that all cash it received had been properly recorded and deposited. During the audit, District officials reported that the District had changed its practices related to receipting cash revenues and have implemented a procedure to document cash receipts for all cash transactions.

Deficiency 2: District did not always maintain the physical security of its credit cards, increasing the risk of unauthorized or unallowable purchases

We judgmentally selected and reviewed 20 credit card purchases totaling \$19,468 of approximately \$100,000 total fiscal year 2024 credit card purchases and found that some purchases did not comply with District policy and/or the USFR.

¹ The USFR requires districts to establish and maintain effective policies and procedures to safeguard cash, prevent its loss or misuse, provide prompt and intact depositing, and ensure accurate recording. The USFR further requires districts to prepare evidence of receipt, such as by using sequential, prenumbered receipts, for each cash payment received.

² The term "cash" used throughout this report includes cash (coins and dollars), checks, and any other physical form of payment, such as money orders.

Specifically:

▶ **The District did not always follow credit card sign out and tracking procedures nor ensure staff timely returned cards after making purchases**

We found that for 7 purchases totaling \$9,767, employees who made purchases using District credit cards did not sign the cards out, contrary to the District's procedures and USFR requirements to maintain physical security and track possession of its credit cards. To track its credit cards, the District developed a process that all cards be signed out by employees when they need to make a purchase and signed back in upon returning to the District after the purchase has been made. However, the District did not require employees to sign out credit cards when they were going to be used onsite for online purchases, which appeared to be the case for 6 of the purchases we identified.

Additionally, our review of the District's credit card tracking logs identified that staff did not always timely return cards after using them to make purchases. Specifically, we identified 4 instances where employees checked out credit cards and held them over a weekend and for up to a week without returning them to the District. In 1 case, although the card was eventually returned, it was never signed back in by the employee. By allowing employees to possess credit cards for longer than necessary to make a purchase, the District increases the risk that the card could be lost or stolen.

▶ **District allowed a nonemployee to sign out a District credit card**

We identified 1 purchase totaling \$284 where the District allowed a nonemployee, who was a District employee's spouse, to sign out a District credit card. The District provided supporting documentation demonstrating that the District employee actually used the card to make the purchase and that the transaction appeared to be for a valid District purpose. District officials indicated that they were aware of and had allowed the nonemployee to sign out the District credit card to assist the District employee who wanted to purchase supplies for an upcoming club banquet but was unable to sign out the card themselves due to an extended leave of absence. However, by allowing a nonemployee to possess a District credit card, the District increased the risk for unauthorized purchases and fraud.

Deficiency 3: District could not demonstrate that its school bus drivers consistently performed required pretrip operations checks, increasing risks to student safety

The District lacked documentation to support that its school bus drivers had completed required daily pretrip school bus operations checks during fiscal year 2024. Arizona Department of Public Safety's (DPS) *Minimum Standards for School Buses and School Bus Drivers* (Minimum Standards) and District policy require District school bus drivers to perform pretrip safety inspections of school buses prior to transporting students each day. During these inspections, drivers are required to review various school bus components to ensure they are in good working order. For example, drivers should ensure that tires are properly inflated, emergency exits are working, and engine fluids are at appropriate levels. The District had forms available to document pretrip operations checks, but District officials reported that their school bus drivers

did not use the forms because the District's procedures did not require them to do so. Without documentation to support that its school bus drivers had consistently completed the pretrip operations checks for its school buses, the District increases the risk that it may transport students on school buses with undetected safety issues and may reduce its school buses' useful lives.

Recommendations to the District

- 11.** Develop and implement procedures to prepare and maintain evidence of receipt, such as by using sequential, prenumbered receipts, for all cash received to ensure compliance with USFR requirements and District policies related to cash-handling.
- 12.** Develop and implement written procedures in accordance with District policy and USFR requirements to maintain physical security and track possession of credit cards.
- 13.** Immediately discontinue its practice of allowing nonemployees to use District credit cards for any purpose.
- 14.** Develop and implement procedures to ensure that all school bus drivers complete and document pretrip operations checks prior to driving a school bus each day, in accordance with District policy and DPS Minimum Standards.

District response: As outlined in its [response](#), the District agrees with the finding and will implement the recommendations.

District's excessive access to its sensitive computerized data and other IT deficiencies increased risk of unauthorized access to sensitive information, data loss, errors, and fraud

District has not complied with important IT security requirements and recommended practices

The USFR and credible industry standards, such as those developed by the National Institute of Standards and Technology (NIST), set forth important IT security practices that help districts safeguard sensitive information and prevent data loss, errors, and fraud.¹ We identified deficiencies with the District's IT security practices, including noncompliance with USFR requirements and practices inconsistent with credible industry standards, that increased its risk for unauthorized access to sensitive information, data loss, errors, and fraud. See the details below.

Deficiency 1: District did not limit user access to its accounting and student information systems, increasing its risk of unauthorized access to sensitive information, data loss, errors, and fraud

The District did not limit some users' system access, contrary to the USFR requirement to limit users' access to information and restrict the types of access to only what is necessary for users to carry out their assigned job duties.

Specifically:

- ▶ **District granted users more access than necessary to complete job duties and granted unnecessary administrator-level access to its accounting system**

Our review of accounting system access levels for the District's 8 active user accounts as of January 2026 found that 2 user accounts had more access than necessary and allowed users the ability to initiate and complete payroll and/or purchasing transactions without another employee reviewing and approving the transactions. We also found that the District granted unnecessary administrator-level system access to the same 2 user accounts, providing them with full control over accounting system settings, such as the ability to add new users, modify the level of access users have in the accounting system, and grant themselves full access to view and edit all accounting system data. District officials indicated that they were unaware of some users' excessive system access, including the administrator-level access, and believed they had appropriately limited users' access. Additionally, although the District reported that it had a process for regularly reviewing and updating user access levels in its systems, we found that the District's process was likely insufficient because it failed to identify and resolve the excessive accounting system access we identified during the audit.

¹ National Institute of Standards and Technology (NIST). (2020). *NIST Special Publication 800-53(R5): Security and privacy controls for information systems and organizations*. Retrieved 11/12/25 from <https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r5.pdf>

▶ **District inappropriately granted 4 users administrator-level access to its student information system**

Similarly, we reviewed the 124 active user accounts on the District's student information system in September 2024 and found that the District had inappropriately granted administrator-level access to 4 of the active user accounts that did not require it to perform their job duties. Although we did not identify any improper activity due to these deficiencies, by not limiting administrator-level account usage to only administrative purposes, the District increased its risk of security breaches and data loss because hackers typically target administrator accounts for their greater access privileges. District officials agreed that the administrator-level accounts we identified in the student information system were not appropriate, but they did not act to limit these users' access because they reported having other higher-priority job duties. Further, although we made the District aware of these user accounts with excessive system access during the audit, as of September 2025, District officials reported that they had not made any changes to users' access in its student information system.

Deficiency 2: District's authentication controls did not meet USFR requirements, putting District operations at risk

The USFR states that school districts should require comprehensive authentication of users accessing critical IT systems in accordance with leading credible industry standards, but the District lacked these authentication controls for 1 of its critical systems as of February 2025. As a result, the District has an increased risk of unauthorized access to its sensitive information and potential data loss. District officials reported they were unaware the systems had the ability to implement these comprehensive authentication controls. As of September 2025, the District's authentication controls still did not meet USFR requirements.

Deficiency 3: District's IT contingency plan lacked key components, increasing its risk of interrupted operations and data loss

The District lacked a complete, up-to-date IT contingency plan. To help ensure continued operations and data recovery in the event of a system outage, the USFR requires, and credible industry standards recommend, that districts develop and implement an IT contingency plan. The plan should identify all critical systems, including the order in which they should be restored or the criticality of systems; clearly outline who is responsible for which activities during a system outage or attack; contain contingencies for continued business operations during a system outage; and contain detailed procedures for restoring critical systems and equipment. In addition to developing and implementing a comprehensive contingency plan, the District should test the plan at least annually to help ensure it is effective. Testing should include ensuring all parties understand their roles and responsibilities, identifying internal and external vulnerabilities, taking action to update equipment or remedy any issues identified, and determining the District's ability to restore electronic data files and documenting the test results.

Our March 2025 review of the District's IT contingency plan found that the plan lacked some key components. Specifically, the District's plan did not specify the order in which critical systems should be restored, clearly outline who is responsible for which activities during a system outage

or attack, or contain contingencies for continued business operations during a system outage. District officials reported that the plan did not contain all the components of a comprehensive IT contingency plan because they were not aware of credible industry standards to use for developing its plan. Additionally, although the District reported that it reviews the plan twice each year, it had not tested its plan, which is critical for identifying and addressing any plan deficiencies and ensuring the District can effectively respond to system outages. In September 2025, District officials reported that the District had not made any significant updates to the plan.

Recommendations to the District

15. Limit employees' access in the accounting system to only those accounting system functions needed to perform their job duties, including transferring administrator-level access to an employee outside the business office.
16. Remove administrator-level access in the student information system from employees that do not need administrator-level access to perform their job duties.
17. Update and implement its procedures to periodically review accounting system and student information system accounts to ensure access levels align with job duties and change or remove access, as necessary.
18. Implement comprehensive authentication controls for users accessing critical IT systems.
19. Update its IT contingency plan to ensure that it meets USFR requirements and credible industry standards and test the plan at least annually to identify and remedy deficiencies and document the test results.

District response: As outlined in its [response](#), the District agrees with the finding and will implement the recommendations.

SUMMARY OF RECOMMENDATIONS

The Arizona Auditor General makes 19 recommendations to the District

Click on a finding, recommendation, or its page number to the right to go directly to that finding or recommendation in the report.

Recommendations to the District

FINDING 1

4

1. Develop and implement procedures to control and monitor visitor access to the District's campus, such as by requiring all visitors to sign in/sign out and supervising visitor activity at all times while on campus for non-school-related activities. 5
2. Develop and implement procedures to ensure that all employees of its lessee with access to the District's campus have valid fingerprint clearance cards and have passed a criminal background check, such as by requiring and reviewing regular reports from the lessee demonstrating its compliance with these rental agreement terms. 5
3. Immediately discontinue its practice of allowing any vendors to access District keys and update mechanisms that enabled vendors to access keys to prevent future inappropriate access. 6
4. Conduct a physical key inventory to determine how many District facility keys exist, how many are distributed and to whom, and the facilities each key can access. 6
5. Update its key agreement specifying rules and responsibilities for key use, including providing a space to indicate key assignments, disallowing the duplication of keys, and specifying the consequences for unauthorized use or loss of assigned keys in accordance with District policy. 6
6. Upon conducting the physical key inventory in recommendation 4 and updating its key agreement, accurately manage its key inventory by developing and implementing written procedures for distributing, tracking, and collecting keys from employees, including requiring employees to sign key agreements outlining their responsibilities as a key holder prior to keys' issuance, in accordance with District policy. 6

FINDING 2

7

7. Establish and implement procedures requiring Board members and employees to annually submit, and update if any new conflict arises, Board-adopted conflict-of-interest disclosure forms accurately and fully describing any substantial interests they or their relatives have in any contract, sale, purchase, or service to the District or District decisions, or attesting that no conflicts exist, if applicable. 11
8. Establish and implement conflict-of-interest policies and written procedures to include a documented process for reviewing and helping remediate disclosed conflicts of interest. 11
9. Ensure the superintendent immediately and fully discloses all substantial interests and refrains from participating in any manner in matters related to her substantial interests including by immediately reassigning the superintendent's responsibility for signing employment agreements and/or reviewing and approving time sheets for her relative. 11
10. Require and document attendance for periodic training on its conflict-of-interest requirements, processes, and disclosure forms to its Board members and employees that include information about how the State's and District's conflict-of-interest requirements relate to their unique program, function, or responsibilities. 11

FINDING 3

12

11. Develop and implement procedures to prepare and maintain evidence of receipt, such as by using sequential, prenumbered receipts, for all cash received to ensure compliance with USFR requirements and District policies related to cash-handling. 14
12. Develop and implement written procedures in accordance with District policy and USFR requirements to maintain physical security and track possession of credit cards. 14
13. Immediately discontinue its practice of allowing nonemployees to use District credit cards for any purpose. 14
14. Develop and implement procedures to ensure that all school bus drivers complete and document pretrip operations checks prior to driving a school bus each day, in accordance with District policy and DPS Minimum Standards. 14

FINDING 4

15

15. Limit employees' access in the accounting system to only those accounting system functions needed to perform their job duties, including transferring administrator-level access to an employee outside the business office. 17
16. Remove administrator-level access in the student information system from employees that do not need administrator-level access to perform their job duties. 17
17. Update and implement its procedures to periodically review accounting system and student information system accounts to ensure access levels align with job duties and change or remove access, as necessary. 17
18. Implement comprehensive authentication controls for users accessing critical IT systems. 17
19. Update its IT contingency plan to ensure that it meets USFR requirements and credible industry standards and test the plan at least annually to identify and remedy deficiencies and document the test results. 17

In addition to the 4 findings in this public report, we identified 1 additional finding pertaining to the District's school safety practices. We omitted this additional finding from the public report because of the sensitive nature of the information within it and the potential for harm that could result from its public release. Accordingly, we communicated this additional confidential finding and associated recommendations directly to the District's Governing Board and management. The confidential finding included 8 additional recommendations to the District, and we will follow up on the status of these 8 confidential recommendations when we conduct our followup work.

Objectives, scope, and methodology

We have conducted a performance audit of San Simon Unified School District pursuant to A.R.S. §41-1279.03(A)(9). This audit focused on the District's efficiency and effectiveness primarily in fiscal year 2024 in the 4 operational areas bulleted below because of their effect on instructional spending, as previously reported in our annual *Arizona School District Spending Analysis*. This audit focused on reviewing instructional and noninstructional operational spending (see textbox). Instructional spending includes salaries and benefits for teachers, teachers' aides, and substitute teachers; instructional supplies and aids such as paper, pencils, textbooks, workbooks, and instructional software; instructional activities such as field trips, athletics, and cocurricular activities such as choir or band; and tuition paid to out-of-State and private institutions.

Noninstructional spending we reviewed for this audit includes the following operational categories:

▶ **Administration**

Salaries and benefits for superintendents, principals, business managers, and clerical and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities, and administrative technology services and other spending related to these services and the governing board.

▶ **Plant operations and maintenance**

Salaries, benefits, and other spending related to equipment repair, building maintenance, custodial services, groundskeeping, and security; and spending for heating, cooling, lighting, and property insurance.

▶ **Food service**

Salaries, benefits, food supplies, and other spending related to preparing, transporting, and serving meals and snacks.

▶ **Transportation**

Salaries, benefits, and other spending related to maintaining school buses and transporting students to and from school and school activities.

Key term

Operational spending: Operational spending includes costs incurred for the District's day-to-day operations. It excludes costs associated with acquiring capital assets (such as purchasing or leasing land, buildings, and equipment), interest, and programs such as adult education and community service that are outside the scope of preschool through grade 12 education.

Efficiency and effectiveness

We used various methods to review the specific objectives and issues in this performance audit. These methods included reviewing State statutes, rules, the USFR, District policies and procedures, and other District-provided documentation; interviewing District staff; touring District facilities and observing day-to-day activities; and reviewing information from ADE's website.

We also used the following specific methods to meet the audit objectives:

- ▶ To determine whether the District established effective controls to limit unsupervised and/or unauthorized access to its campus in accordance with USFR requirements, recommended practices, District policy, and applicable rental agreement terms, we interviewed District officials regarding the District's processes for monitoring and maintaining campus access and security and ensuring compliance with rental agreement terms. We also reviewed related documentation, such as the rental agreement between the District and its tenant, the District's key agreement, and campus-access requirements and recommended practices. We also toured the District's facilities and observed the District's practices related to controlling and monitoring visitor access to its campus.
- ▶ To determine whether the District complied with conflict-of-interest requirements and recommended practices, we reviewed the District's fiscal year 2024 conflict-of-interest disclosure documentation for all 37 District employees and all 6 Board members who served during fiscal year 2024, and conflict-of-interest requirements and recommended practices. We also conducted a business entity search on the Arizona Corporation Commission's website for all 37 District employees and their disclosed interests, as applicable, and all 6 Board members and their disclosed interests, as applicable, to identify any undisclosed substantial interests. Additionally, we reviewed fiscal year 2024 staff-employment agreements and time sheets, District accounting data, and Board meeting minutes and corresponding consent agenda items for various Board meetings held between July 2023 and June 2024 where the Board discussed and/or considered matters involving substantial interests we identified.
- ▶ To determine whether the District's cash-handling processes met USFR requirements and whether the District consistently followed its processes, we judgmentally selected and reviewed all cash the District collected and deposited with the County Treasurer in January, February, and June 2024; all cash deposited into the Student Activities and Lunch Account Funds in February 2024; and all cash deposited into the Auxiliary Fund in April 2024. We also reviewed supporting documentation related to the cash transactions we reviewed, such as District-provided receipts, cash-collection forms, and bank statements.
- ▶ To determine whether the District's credit card procedures met USFR requirements and whether the District consistently followed its procedures, we judgmentally selected and reviewed 20 credit card purchases totaling \$19,468 of approximately \$100,000 total fiscal year 2024 credit card purchases. We also reviewed supporting documentation related to the credit card purchases we reviewed, such as credit card user agreements, sign-out logs, purchase requisitions, purchase orders, receipts, invoices, and bank statements.

- ▶ To determine whether the District met the State’s Minimum Standards and District policy for student transportation, we interviewed District transportation officials regarding the District transportation procedures, including procedures for school bus preventative maintenance and pretrip operations checks. We also reviewed related documentation the District maintained, such as District policy, preventative maintenance documentation, and school bus driver files.

Financial accounting data and internal controls

We evaluated the District’s internal controls related to expenditure processing and reviewed all fiscal year 2024 payroll and accounts payable transactions in the District’s detailed accounting data for proper account classification and reasonableness. To evaluate the District’s internal controls over payroll, we judgmentally selected 8 of 36 individuals who received payments through the District’s payroll system in fiscal year 2024 and reviewed detailed payroll and personnel records for these individuals to ensure they were paid in accordance with their employment agreements. To assess the District’s internal controls over purchasing, we judgmentally selected and reviewed supporting documentation for 74 of 1,295 fiscal year 2024 accounts payable transactions. We also reviewed the District’s fiscal year 2024 spending and prior years’ spending trends across operational categories to assess data validity and identify substantial changes in spending patterns.

We evaluated other internal controls that we considered significant to the audit objectives. This work included reviewing the District’s policies and procedures and, where applicable, testing compliance with these policies and procedures, the USFR and related guidance, and IT industry frameworks; interviewing District staff; and reviewing school district statutes, rules, and controls over reporting various information used for this audit. We reported out conclusions on applicable internal controls in Finding 3 (see pages 12 through 14).

We also reviewed controls over the District’s relevant computer systems and reported our conclusions on applicable controls over the District’s computer systems in Finding 4 (see pages 15 through 17).

Specifically:

- ▶ To determine whether the District appropriately limited users’ system access to only those functions needed to perform their job duties, we reviewed all active users’ accounting information system access and compared their access levels with their job responsibilities. We also reviewed all accounting and student information system accounts with administrator-level access to determine whether administrator-level access was appropriately granted.
- ▶ To determine whether the District’s authentication controls for critical IT systems were consistent with USFR requirements and credible industry standards, we reviewed the District’s current authentication controls for critical IT systems and compared them to USFR requirements and credible industry standards, such as those developed by NIST.

- ▶ To determine whether the District's IT contingency plan included key components required by the USFR and recommended by credible industry standards, we reviewed the District's IT contingency plan and the District's efforts to test its plan.

Student achievement

To compare the District's student achievement, we developed a peer group using district poverty rates, type, and locality because these factors have been shown to be associated with student achievement. Specifically, the District's peer group includes unified school districts in towns and rural areas with poverty rates between 26% and 35%. We used this peer group to compare the District's fiscal year 2024 student passage rates on State assessments as reported by ADE. We also reported the District's fiscal year 2024 ADE-assigned school letter grade.

We selected our audit samples to provide sufficient evidence to support our findings, conclusions, and recommendations. Unless otherwise noted, the results of our testing using these samples were not intended to be projected to the entire population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Additionally, we omitted 1 finding from the public report because of its sensitive nature. Accordingly, we communicated this finding and associated recommendations directly to the District's Governing Board and management.

We express our appreciation to the District's Board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE

The subsequent pages were written by the District to provide a response to each of the findings and to indicate its intention regarding implementation of the recommendations resulting from the audit conducted by the Arizona Auditor General.



San Simon Unified School District #18

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Mrs. Kari Wade, Superintendent

25 February 2026

Lindsey A. Perry, CPA, CFE
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

Dear Auditor General Perry:

San Simon Unified School District #18 has received and carefully reviewed the Fiscal Year 2024 Performance Audit Report. District Administration and the Governing Board are committed to addressing the four findings and implementing the recommendations provided. While some recommendations have already been implemented, we will continue to work diligently to complete administration of the remaining items.

Our District remains committed to serving our community as responsible stewards of public funds, while delivering the highest quality of education to our students in the safest environment possible. We would like to extend our appreciation for the valuable information and professional guidance provided by the audit team. We welcome this opportunity to improve our practices and strengthen our operations for the benefit of our students, staff, and community.

Sincerely,

Kari Wade
Superintendent
San Simon Unified School District #18

San Simon Unified School District #18 Mission:
*It is our mission to provide our students with the ability to gain knowledge, integrity,
faith, and compassion so they may become valuable citizens in society.*

Finding 1: District has not established effective controls to limit unsupervised and/or unauthorized access to its campus and reduce risks to students, staff, and facilities

District Response: The Auditor General's finding is agreed to.

Recommendation 1: Develop and implement procedures to control and monitor visitor access to the District's campus, such as by requiring all visitors to sign in/sign out and supervising visitor activity at all times while on campus for non-school-related activities.

District Response: The audit recommendation will be implemented.

Response explanation: The District will develop and implement procedures to control and monitor visitor access to the District's campus, such as by requiring all visitors to sign in/sign out and supervising visitor activity at all times while on campus for non-school-related activities.

Recommendation 2: Develop and implement procedures to ensure that all employees of its lessee with access to the District's campus have valid fingerprint clearance cards and have passed a criminal background check, such as by requiring and reviewing regular reports from the lessee demonstrating its compliance with these rental agreement terms.

District Response: The audit recommendation will be implemented.

Response explanation: The District will collaborate with legal counsel to review rental agreement terms.

Recommendation 3: Immediately discontinue its practice of allowing any vendors to access District keys and update mechanisms that enabled vendors to access keys to prevent future inappropriate access.

District Response: The audit recommendation will be implemented.

Response explanation: The District will update vendor key access procedures to ensure appropriate, restricted campus access.

Recommendation 4: Conduct a physical key inventory to determine how many District facility keys exist, how many are distributed and to whom, and the facilities each key can access.

District Response: The audit recommendation will be implemented.

Response explanation: The District has updated procedures and has created a key log to accurately track key inventory.

Recommendation 5: Update its key agreement specifying rules and responsibilities for key use, including providing a space to indicate key assignments, disallowing the duplication of keys, and specifying the consequences for unauthorized use or loss of assigned keys in accordance with District policy.

District Response: The audit recommendation will be implemented.

Response explanation: The District will update key agreement for all district key holders, as detailed in recommendation.

Recommendation 6: Upon conducting the physical key inventory in recommendation 4 and updating its key agreement, accurately manage its key inventory by developing and implementing written procedures for distributing, tracking, and collecting keys from employees, including requiring employees to sign key agreements outlining their responsibilities as a key holder prior to keys' issuance, in accordance with District policy.

District Response: The audit recommendation will be implemented.

Response explanation: The District will develop and implement written procedures for distributing, tracking and collecting keys from employees, including requiring employees to sign key agreements.

Finding 2: Some District employees and Board members did not comply with certain conflict-of-interest requirements and recommended practices, increasing the risk that undisclosed substantial interests could affect their official conduct

District Response: The Auditor General's finding is agreed to.

Response explanation: The District acknowledges that its past practices did not comply with certain conflict-of-interest requirements and recommended practices.

Recommendation 7: Establish and implement procedures requiring Board members and employees to annually submit, and update if any new conflict arises, Board-adopted conflict-of-interest disclosure forms accurately and fully describing any substantial interests they or their relatives have in any contract, sale, purchase, or service to the District or District decisions, or attesting that no conflicts exist, if applicable.

District Response: The audit recommendation will be implemented.

Response explanation: The District has established and implemented procedures to require Board members and employees to annually submit, and update when necessary, Board-adopted conflict-of-interest disclosure forms accurately and fully.

Recommendation 8: Establish and implement conflict-of-interest policies and written procedures to include a documented process for reviewing and helping remediate disclosed conflicts of interest.

District Response: The audit recommendation will be implemented.

Response explanation: The District has established and implemented Conflict-of-Interest policies and written procedures.

Recommendation 9: Ensure the superintendent immediately and fully discloses all substantial interests and refrains from participating in any manner in matters related to her substantial interests including by immediately reassigning the superintendent's responsibility

for signing employment agreements and/or reviewing and approving time sheets for her relative.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation.

Recommendation 10: Require and document attendance for periodic training on its conflict-of-interest requirements, processes, and disclosure forms to its Board members and employees that include information about how the State's and District's conflict-of-interest requirements relate to their unique program, function, or responsibilities.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation.

Finding 3: District did not follow some cash-handling and credit card requirements, increasing risk of errors, fraud, and unallowable purchases and did not document required school bus pretrip inspections, increasing risk to student safety

District Response: The Auditor General's finding is agreed to.

Recommendation 11: Develop and implement procedures to prepare and maintain evidence of receipt, such as by using sequential, prenumbered receipts, for all cash received to ensure compliance with USFR requirements and District policies related to cash-handling.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation to better account for miscellaneous cash payments including facility rentals, teacherage utility payments, donations, sales of District property, grant disbursements, and career and technical education pass-through payments.

Recommendation 12: Develop and implement written procedures in accordance with District policy and USFR requirements to maintain physical security and track possession of credit cards.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation.

Recommendation 13: Immediately discontinue its practice of allowing nonemployees to use District credit cards for any purpose.

District Response: The audit recommendation will be implemented.

Response explanation: The District was aware of and allowed a nonemployee to sign out the district credit card to assist a District employee who was unable to sign out the card themselves. This event was backed up with valid, supporting documentation. The occurrence was a unique, isolated incident; the practice will not continue.

Recommendation 14: Develop and implement procedures to ensure that all school bus drivers complete and document pretrip operations checks prior to driving a school bus each day, in accordance with District policy and DPS Minimum Standards.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation.

Finding 4: District's excessive access to its sensitive computerized data and other IT deficiencies increased risk of unauthorized access to sensitive information, data loss, errors, and fraud

District Response: The Auditor General's finding is agreed to.

Recommendation 15: Limit employees' access in the accounting system to only those accounting system functions needed to perform their job duties, including transferring administrator-level access to an employee outside the business office.

District Response: The audit recommendation will be implemented.

Response explanation: The District will work to limit employees' access in the accounting system to only those accounting system functions needed to perform their job duties, including transferring administrator-level access to an employee outside the business office.

Recommendation 16: Remove administrator-level access in the student information system from employees that do not need administrator-level access to perform their job duties.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation.

Recommendation 17: Update and implement its procedures to periodically review accounting system and student information system accounts to ensure access levels align with job duties and change or remove access, as necessary.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation.

Recommendation 18: Implement comprehensive authentication controls for users accessing critical IT systems.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation.

Recommendation 19: Update its IT contingency plan to ensure that it meets USFR requirements and credible industry standards and test the plan at least annually to identify and remedy deficiencies and document the test results.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented the recommendation.