



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

October 27, 2021

Members of the Arizona Legislature

The Honorable Doug Ducey, Arizona Governor

Governing Board
Tucson Unified School District

The Honorable Mark Brnovich, Arizona Attorney General

The Honorable Kathy Hoffman, Arizona State Superintendent of Public Instruction

We have conducted a financial investigation of certain transactions at Pueblo High School in the Tucson Unified School District (District) for the period July through August 2018. We performed the investigation to determine the amount of public monies misused, if any, during that period.

The investigation consisted primarily of inquiries, observations, examinations of selected financial records and other documentation, and selected tests of internal control over District operations. The investigation was not conducted in accordance with U.S. generally accepted auditing standards and was more limited than would be necessary to ensure we discovered all misused public monies or to give an opinion on internal controls. Accordingly, we do not express an opinion on the effectiveness of internal controls or ensure that all deficiencies are disclosed.

The Financial Investigation Report describes our findings and recommendations as a result of this investigation.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

Tucson Unified School District Criminal Indictment—Theft and Misuse of Public Monies

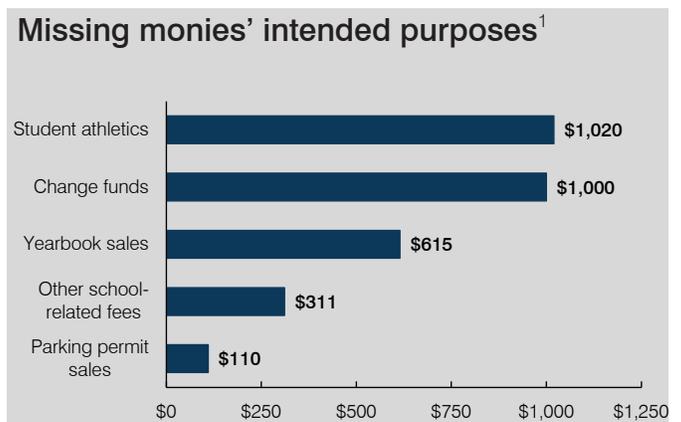
SYNOPSIS: As part of their responsibility to prevent and detect fraud, Tucson Unified School District (District) officials took appropriate action by reporting to us an allegation of financial misconduct by Rosa Ordonez, former bookstore finance manager at Pueblo High School. Our investigation revealed that in July and August 2018, Ms. Ordonez may have embezzled \$2,974 of bookstore receipts and change funds, cash provided from the District to Pueblo High School to make change for cash transactions. Additionally, from 2006 through 2015, she failed to deposit checks totaling \$3,309, depriving Pueblo High School of its revenue. We have submitted our report to the Arizona Attorney General's Office, which on September 20, 2021, presented evidence to the State Grand Jury. The action resulted in Ms. Ordonez's indictment on 3 felony counts related to theft and misuse of public monies.

Overview

In February 2003, Rosa Ordonez became the bookstore finance manager at Pueblo High School, which serves approximately 1,800 students in grades 9 through 12. She was responsible for recording and depositing monies related to payments for athletic event tickets, yearbooks, parking permits, and academic fees. Ms. Ordonez was also responsible for safeguarding change funds used in the bookstore and at athletic events. In August 2018, Ms. Ordonez began failing to report to work, and District officials noticed that revenues receipted at Pueblo High School were not being deposited into a District account. As a result, District officials visited the bookstore but could not locate Ms. Ordonez, the unaccounted-for receipts, or \$1,000 of change fund cash that Ms. Ordonez should have secured in the bookstore safe. Ms. Ordonez did not report to work after August 20, 2018, and the District accepted her resignation, which was submitted by a family member on her behalf on September 20, 2018.

Ms. Ordonez may have embezzled \$2,974 of District monies

In July and August 2018, Ms. Ordonez issued 68 receipts to students, parents, and faculty totaling \$2,056. The monies Ms. Ordonez collected were intended for student athletics, yearbook purchases, parking permits, and other school-related fees, but the monies never fulfilled their intended purpose because she failed to deposit them into a District bank account.¹ Further, in July 2018, Ms. Ordonez and the assistant principal received 2 checks from the District for establishing school change funds: \$200 for bookstore operations and \$800 for school athletic event tickets sales. The assistant principal told us that he was unaware of expected District bookstore procedures but negotiated these checks and provided the cash to Ms. Ordonez. She should have maintained the cash from these 2 checks in the bookstore cash register and safe; however, at the end of August 2018, District officials discovered that the combined \$1,000 of change fund cash was missing from the bookstore, and they could not find Ms. Ordonez.



¹ After Ms. Ordonez's resignation, District officials found cash totaling \$82 in bookstore drawers and filing cabinets and deposited those monies in a District bank account. Accordingly, we have deducted \$82 from the total \$2,056 of receipts Ms. Ordonez failed to deposit, yielding a net amount of \$1,974 in missing receipts.

Ms. Ordonez failed to deposit 15 Pueblo High School check receipts totaling \$3,309

The bookstore finance manager who replaced Ms. Ordonez found 15 outdated checks in bookstore drawers and filing cabinets totaling \$3,309 that Ms. Ordonez had been responsible for receiving and depositing. These checks were up to 12 years old, ranging from 2006 through 2015, and could not be negotiated or otherwise remunerated. Most of these payments were remitted to Ms. Ordonez by mail for donations and various school and athletic-event-related fees; however, Ms. Ordonez's failure to deposit these checks deprived Pueblo High School of its revenue.

District officials failed to safeguard and control District monies

Although District officials took prompt action when they discovered discrepancies with Ms. Ordonez's deposits in August 2018, they had historically failed to ensure all bookstore receipts were deposited. Specifically, they did not have compensating controls when bookstore employees performed incompatible cash-handling functions and did not always ensure payments received by mail were appropriately recorded and deposited. Additionally, District officials did not ensure that school administrators understood how to oversee bookstore operations.

Recommendations

In the time since our investigation began, District officials reported to us that they have improved internal controls over bookstore receipts by expanding their cash-handling trainings to include all employees who may handle cash as part of their responsibilities; requiring bookstore finance managers to complete several additional trainings related to bookstore procedures; and hiring an internal auditor to review cash-handling and receipting practices at the school level. Correspondingly, in May 2020, the District internal auditor issued a cash-handling audit report describing 12 observations and recommendations to improve cash-handling controls.² Still, District officials can take more effective actions than they described in some of their responses to the internal auditor's reported recommendations. Specifically, District officials should:

- Require 2 employees to open the mail and record checks received, noting the date, amount, and purpose in addition to immediately endorsing checks for deposit to the District. Cash and check receipts should be deposited intact daily, when significant, or at least weekly.
- Ensure that school administrators with cash-handling or financial oversight responsibilities receive timely and continuous training on proper internal control policies and procedures and document their understanding in writing.

² Tucson Unified School District. (2020). *Cash Handling Internal Audit Report*, Report#: FY2019-20-003. Tucson, AZ.