



Mountain Institute CTED, District #2

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Governing Board:

Beth Cummins, Chairman
Kurtis Keele, Member
Tom Thurman, Member
Dave Klever, Member
Michelle Gronek, Member
Marty Grossman, Member
Edee Spain, Member

Superintendent:

Bill Stiteler

June 25, 2024

Lindsey Perry
Arizona Auditor General
2910 N 44th St, Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry,

Please accept Mountain Institute CTED #2 response to the performance audit recently completed. The district administration and governing board agree to the findings, have implemented some of the recommendations and will continue to work on the implementation of the remaining recommendations.

Josh and the audit team have been very professional during the audit process and the administration is appreciative of the recommendations for operational improvements for the district.

Please find the District's response to the findings and recommendations below.

Sincerely,

William Stiteler

William Stiteler
Superintendent

Finding 1: District did not comply with important cash-handling, purchasing, and payroll requirements, putting the District at an increased risk of errors, fraud, and unauthorized purchases

District Response: The District agrees with the finding.

The District has implemented a process for updating and provide training for all staff related to cash handling, purchasing and will work the YCSSO to audit payroll distributions.

Recommendation 1: The District should develop and implement written cash-handling policies and procedures in accordance with USFR requirements, which should include separating responsibilities for cash collection, deposit, and review among more than 1 employee, and regularly accounting for all sequential, prenumbered receipts.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has developed and implemented an operational manual with outlined procedures for all cash and purchasing requirements prior to the start of the audit. The district will update the manual as needed and provide additional training during in-services or during onboarding of new employees.

Recommendation 2: The District should require the regular reconciliation of cash receipts to cash deposits.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has already implemented monthly reconciliation of cash receipts to deposits.

Recommendation 3: The District should separate responsibilities for credit cards among more than 1 employee so that no employee can make purchases, reconcile purchases receipts to credit card statements, and review the transactions for appropriateness without another employee's independent review and approval.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has implemented the recommendation and incorporated additional staff in the process for further separation of duties.

Recommendation 4: The District should require an independent review and approval of its purchases prior to the purchase being made.

District Response: The District agrees with the recommendation and will implement the recommendation.

Recommendation has been implemented and all purchases require an approved requisition, purchase order prior to payment with separation of the approval process, processing of Purchase Orders and review by at least two office staff/administration prior to payment.

Recommendation 5: The District should identify and correct all overpayments made to employees from fiscal year 2022 to the present, including the overpayments we identified.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has implemented regular audit of payroll for under or overpayments of employee contracted amounts and leave balance reconciliation. The district will also work with the YCSSO to ensure proper final payment of non-terminated employees.

Recommendation 6: The District should develop and implement formal, written payroll policies and procedures in accordance with USFR requirements, which should include a process for regularly reconciling payroll distribution amounts to governing board-approved employee contracts.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will work on implementation with the YCSSO since payroll is handled through the county.

Recommendation 7: The District should immediately stop prorating and paying in advance for contracted work days that do not fall within a regular pay period.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will work with the YCSSO on implementation, since payroll is handled through the county.

Finding 2: District's lack of key outcome data prevents it from demonstrating how the \$3 million it spent on programs in fiscal year 2022 effectively prepared students for high-need occupations

District Response: The District agrees with the finding.

The District is working with Arizona Department of Education, Satellite Districts and district processes for collection of required outcome data.

Recommendation 8: The District should develop and implement consistent data-collection protocols for all CTE programs to demonstrate compliance with statutory and ADE requirements and recommended practices. This includes collecting and validating complete data, such as data related to student certifications earned and post-graduate jobs obtained, as well as developing a process to track all outcome data.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has implemented process for collection of key data as indicated and required. The District will work with and provide support for collection by Satellite Districts.

Recommendation 9: The District should analyze all CTE program outcome data to evaluate the effectiveness of its CTE programs in preparing students for high-need occupations and to support the investment of any public monies, and use the results of its evaluations to make changes to its programs to ensure they are meeting their statutory purpose of preparing students for high-need occupations.

District Response: The District agrees with the recommendation and will implement the recommendation.

The district has implemented or is in the process of implementation of additional data acquisition measure for not only Quality and Compliance monitoring, but for individual program reviews and program approval

Finding 3: District accumulated \$2.4 million in fund balances by end of fiscal year 2022 but did not have a policy regarding amount to be maintained in its general fund or its intended purpose

District Response: The District agrees with the finding.

The District has performed ongoing fund balance carry-forward plans and had them approved by the Governing Board on an ongoing basis.

Recommendation 10: The District should implement GFOA's best practices recommendations and develop and implement a formal fund balance policy for its general fund regarding the level and purpose of those monies, including considering the financial resources available in other funds when assessing the adequacy of the unrestricted fund balance in the general fund.

District Response: The District agrees with the recommendation and will implement a modification to the recommendation.

The District has regularly discussed and considered fund balances and proposed utilization on an ongoing basis since 2020 during monthly Governing Board meetings. The District will work on developing and implementing a policy related to fund balances carry forward

Recommendation 11: The District should develop and implement a plan to spend on its CTE programs any unrestricted fund balance in its general fund that is greater than the level it has adopted in its formal fund balance policy, which may include spending to improve its key student outcomes.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has developed a fund balance carry forward plan that has been approved and adopted by the Governing Board since January of 2023. The District has also provided over \$100,000.00 in additional funding in 23/24 school year to support student outcomes and certifications for satellite campuses. The District will work on the development of a fund balance carry forward plan for implementation

Finding 4: District did not ensure monies it provided to its member districts were used to supplement CTE spending, potentially impacting satellite program quality

District Response: The District agrees with the finding.

District has implemented additional reporting requirements and supplanting worksheet reporting

Recommendation 12: The District should ensure its IGAs with member districts are up to date, including updating the IGAs to require member districts to provide the required CTED supplanting worksheet rather than USFR Memorandum 219.

District Response: The District agrees with the recommendation and will implement the recommendation.

District will work on updating the Satellite IGA's

Recommendation 13: The District should ensure all member districts complete the required CTED supplanting worksheet and provide the worksheets and any supporting documentation to ADE and the District's Board annually by required deadlines and take appropriate action when member districts do not complete the required worksheet. Appropriate action could include working with ADE and developing and implementing a process, such as within its IGAs with member districts, to describe the District's and member districts' responsibilities and resulting actions when a member district does not submit the required worksheet.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has implemented additional reporting checks for all member districts and will ensure the supplanting worksheets are reviewed.

Recommendation 14: The District should ensure that CTE monies provided to member districts are being used to supplement their required level of CTE spending and, if it identifies supplanting, take appropriate action. Appropriate action could include working with ADE and developing and implementing a process, such as within its IGAs with member districts, to describe the District's and member districts' responsibilities and resulting actions when it identifies supplanting in CTE program spending.

District Response: The District agrees with the recommendation and will implement the recommendation.

Finding 5: District's excessive access to its sensitive computerized data and other IT deficiencies increased risk of unauthorized access to sensitive information and data loss

District Response: The District agrees with the finding.

Recommendation 15: The District should immediately disable or remove all network accounts associated with terminated employees.

District Response: The District agrees with the recommendation and will implement a modification to the recommendation.

The District will ensure current processes fall within USFR and NIST recommendations

Recommendation 16: The District should establish and implement written policies and procedures to ensure terminated employees' network access is promptly removed.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District has implemented written processes for on-boarding and termination of an employee and requirements associated with technology and other district functions.

Recommendation 17: The District should implement and enforce strong authentication controls that align with USFR standards to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.

District Response: The District agrees with the recommendation and will implement the recommendation.

District has implemented MFA on all district operational systems and ongoing training both in house and through a third-party vendor as part of the TRUST Cyber requirements

Recommendation 18: The District should develop and implement policy and procedures to review the District's authentication controls against USFR standards at least annually.

District Response: The District agrees with the recommendation and will implement the recommendation.

District will implement additional controls and procedures related to authentication controls

Recommendation 19: The District should establish and implement a District policy to conduct mandatory employee security awareness training upon hire and at least annually thereafter.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will document the annual training based on cyber training requirements as outline by the USFR, the state and the TRUST.