

The January 2024 Northeast Arizona Technological Institute of Vocational Education (District) performance audit found that the District spent nearly \$3 million on career and technical education (CTE) programs in fiscal year 2021 but lacked a comprehensive plan for its central CTE programs; lacked key outcome data showing its programs effectively prepared students for high-need occupations; accumulated over \$4 million in fund balances by the end of fiscal year 2021 but did not have a policy directing the amount or purpose of monies to be maintained in its general fund; and assigned some accounting system users too much access, increasing its risk for errors and fraud. We made 8 recommendations to the District, and its status in implementing the recommendations is as follows:

Status of 8 recommendations

In process	3
Not yet applicable	1
Not implemented	4

We will conduct an 18-month followup with the District on the status of all the recommendations.

Finding 1: District lacked a comprehensive plan for its central campus, resulting in unused facilities and an increased risk of wasteful spending on unsustainable programs

1. The District should develop strategic planning policies and procedures, including guidelines and instruments for assessing current central programs and expansion viability such as evaluating student interest, determining eligible student populations, and attracting and retaining qualified CTE program instructors.

Implementation in process—Since the performance audit, the District has developed general guidelines for considering new CTE programs, which include considering the District’s budget and teacher availability, facilities, and equipment for any potential new CTE programs. The guidelines also indicate that the District should assess student interest in enrolling in potential new CTE programs. However, these guidelines do not provide specific information on how District administration and the District’s Governing Board should use this information to evaluate new CTE programs’ viability, and the District has not yet used its guidelines to assess any potential new CTE programs. Further, the District did not provide any other documentation of strategic planning policies and procedures related to assessing current central programs, determining eligible student populations, and attracting and retaining qualified CTE program instructors. We will assess the District’s efforts to implement this recommendation at the 18-month followup.

2. The District should develop and follow a comprehensive strategic plan in accordance with recommended practices that includes the District’s goals for the operation of its central campus, including assessing whether it is practical to expand its central campus programs and facilities.

Implementation in process—Although the District has taken some steps since the performance audit to develop a strategic plan, the plan is incomplete and lacks specific information about how the District plans to achieve its strategic goals. For example, the District’s plan states that it will maintain quality CTE programming and includes a strategy of using data to make decisions about programs, facilities, equipment, and student opportunities. However, the strategic plan does not explain what this data is or how the District will obtain or use it. Additionally, the District’s plan does not include strategies or goals related to assessing whether it is practical and beneficial to

expand its central programs and facilities. We will assess the District's efforts to implement this recommendation at the 18-month followup.

Finding 2: District's lack of key outcome data prevents it from demonstrating how the nearly \$3 million it spent on programs in fiscal year 2021 effectively prepared students for high-need occupations

3. The District should develop and implement consistent data collection protocols for all CTE programs. 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.

Not implemented—Since the performance audit, the District developed general guidelines for CTE program outcome data collection, including the data it plans to collect and how it would report this data to ADE. However, the guidelines lack important details about how the District would ensure that it and its member districts consistently collect the data for central and satellite students. Additionally, the District did not provide us with any documentation of CTE program outcome data it had collected for central or satellite students. As a result, we were unable to evaluate whether it had made any progress toward successfully implementing even its guidance for collecting CTE program outcome data. We will assess the District's data collection and validation efforts at the 18-month followup.

4. 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 jobs in high-need occupations.

Not yet applicable—As stated in recommendation 3, although the District developed general guidelines for collecting CTE program outcome data, it could not provide evidence it had collected outcome data for its CTE programs. Additionally, the District lacked a process to validate any data it collected. Without complete and accurate outcome data, including postgraduation-employment and certification data, the District is unable to evaluate its programs' effectiveness in preparing students for high-need occupations or identify programs that may require changes or improvements. We will assess the District's efforts to implement this recommendation at the 18-month followup.

Finding 3: District accumulated over \$4 million in fund balances by end of fiscal year 2021 but did not have policy regarding amount to be maintained in its general fund or its intended purpose

5. 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 these monies, including considering the financial resources available in other funds when assessing the adequacy of the unrestricted fund balance in the general fund.

Implementation in process—Since the performance audit, the District has developed a capital carryover funds plan for the monies in its Unrestricted Capital Outlay fund at the end of fiscal year 2024, including identifying monies that had been committed for various purposes and holding monies in reserve for unexpected capital expenses. However, contrary to GFOA recommended practices, the District's plan does not address all general fund monies, such as the Maintenance and Operations fund; provide a general policy that applies to future year fund balances; or address a fund balance amount to be maintained. Additionally, because the District's plan does not specify a maximum or minimum fund balance amount to be maintained, it does not address how it will use monies in excess of the maximum or how it will replenish its fund balance if the fund balance falls below the policy's minimum. We will assess the District's efforts to further develop and implement a formal fund balance policy at the 18-month followup.

6. 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 working with its member districts to help purchase needed equipment and update facilities for member districts' satellite programs.

Not implemented—As stated in recommendation 5, the District's capital carryover funds plan does not include how much should be maintained in fund balances. As a result, the District has not been able to identify how much in excess funds may be available to spend on its CTE programs or develop and implement a plan to spend these monies on its CTE programs. Further, although the District's plan allocated up to nearly \$400,000 for potential satellite campus capital purchases, the District did not have any specific planned capital purchases for these monies at the time of our review. We will assess the District's efforts to implement this recommendation at the 18-month followup.

Finding 4: District assigned some users too much access to its accounting system, increasing its risk of errors and fraud

7. The District should protect its sensitive computerized data by limiting users' access in the accounting system to only those accounting system functions needed to perform their job duties, including removing administrator-level access of day-to-day users.

Not implemented—Our September 2024 review of the District's 9 accounting system users' access levels found that 6 users continued to have more access than needed to perform their job duties, which was an increase from the 4 users we identified with too much access during the audit. Four of these users were from the county that hosts the District's accounting system, and 1 user was a District consultant. However, the District had not verified that these users required accounting system access and that the access level assigned to each user was necessary for them to perform their job duties. Additionally, we found that the District had improperly granted administrator-level access to 5 users, including 4 county users and 1 District employee, which gave them full control over accounting system settings. We will assess the District's efforts to implement this recommendation at the 18-month followup.

8. The District should establish and implement written policies and procedures to assign and periodically review system access for employee accounts in the accounting system to ensure they have access to only those accounting system functions needed to perform their job duties.

Not implemented—The District has not established any written policies and procedures on how it plans to assign and periodically review accounting system access. As stated in recommendation 7, 1 District employee continues to have more access than needed to perform their job duties, including having administrator-level access to the District's accounting system. We will assess the District's efforts to implement this recommendation at the 18-month followup.