

The September 2023 Northern Arizona Vocational Institute of Technology performance audit found that the District spent nearly \$4.4 million on career and technical education (CTE) programs in fiscal year 2021 but lacked key outcome data showing these programs effectively prepared students for high-need occupations, and accumulated almost \$10 million in fund balances by the end of fiscal year 2021 but did not have a policy directing the amount to be maintained in its general fund or its intended purpose. We made 4 recommendations to the District, and its status in implementing the recommendations is as follows:

Status of 4 recommendations

In process	3
Not yet applicable	1

We will conduct a 24-month followup with the District on the status of the recommendations that have not yet been implemented.

Finding 1: District’s lack of key outcome data prevents it from demonstrating how the nearly \$4.4 million it spent on programs in fiscal year 2021 effectively prepared students for high-need occupations

1. 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.

Implementation in process—In fiscal year 2023, the District collected post-graduation placement data using a placement survey it developed based on the post-graduation information it is required to report to ADE. The District reported that it emailed the survey to students multiple times, and District staff followed up with phone calls, if necessary, to obtain additional student responses. The District used the survey results for its required reporting to ADE. However, the District reported post-graduation placement information for only 73 of 122, or 60 percent, of its concentrators who graduated in fiscal year 2022. Additionally, the District reported that its member districts were allowed to determine their own methods for collecting post-graduation employment data and did not have a consistent method for collecting data for all CTE programs.

In addition to lacking consistent data collection protocols for its CTE programs, the District also had not developed a process to validate the data it collected. For example, the post-graduation placement data the District collected did not always match the data the District reported to ADE. We identified 2 students who the District reported to ADE as not having employment, which was inconsistent with the District’s data showing that these 2 students were employed. Additionally, the District did not report all the survey responses it collected and lacked support for some of the data it reported to ADE. Further, our review identified other instances where the District’s data appeared to be unreliable, such as an Automotive Technology graduate reported as employed in a position using program skills when their survey response indicated they worked as a horseback riding guide. By relying on self-reported information and lacking a process to validate the placement data it collects, the District increases the risk that it reports inaccurate information to ADE and is unable to demonstrate that its programs are effective in meeting their statutory purpose of preparing students for high-need occupations.

Additionally, in fiscal year 2023, the District and its member districts collected data on industry certifications its students earned. However, the District did not validate all the certification data it collected to ensure that it was complete and accurate. For example, we reviewed a sample of 30 certifications the District reported its students earned and determined that the District lacked documentation to support 5 of the 30 certifications. For the 5 certifications for which the District lacked supporting documentation, the District collected the students' certification test results but did not verify that the students completed the additional requirements necessary to obtain the certification. When we brought this to the District's attention, the District reported that for the current fiscal year, it had updated its procedures and now collects actual certificates rather than relying only on certification test results to demonstrate students earned a credential. We will assess the District's efforts to implement this recommendation at the 24-month followup.

2. 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.

Not yet applicable—As explained in Recommendation 1, the District and its member districts have collected some data related to student certifications earned and post-graduation jobs obtained, but the District continued to lack a process for validating the data to ensure that it was complete and accurate. The District reported that it has begun using certification and placement data to assess CTE program effectiveness but acknowledged that there were accuracy concerns with the data it used for its analysis. Further, District officials outlined its plans for analyzing data regarding industry certifications earned to evaluate its CTE programs. Specifically, District officials reported the District plans to set certification attainment goals for CTE programs, scrutinize programs producing fewer student certifications, consider sunsetting low-performing programs, and compare certification results across member districts to identify best practice programs or programs requiring improvement. However, at the time of our review, the District had not yet implemented these plans, and absent a consistent process to collect and validate outcome data to better ensure its accuracy, the District's analysis will likely be inaccurate and/or incomplete. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 2: District accumulated almost \$10 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

3. 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.

Implementation in process—Since the audit, the District developed, and the Governing Board (Board) adopted, a formal fund policy for its general fund that includes the level of fund balance it will maintain as well as the purpose for the accumulated fund balance. Specifically, the District's policy indicates that the District may maintain a balance of 20 percent of its annual operating costs to insure against sudden financial or material loss, and any general fund balance in excess of 20 percent should be used to fund its special projects program (see Recommendation 4 for more information about the special projects program). However, contrary to GFOA's recommended practices, the District's policy does not specify a time period for the District to decrease its fund balance to the prescribed policy level using its special projects program. Further, the District's policy does not address the time frame or means by which the general fund balance will be replenished if it falls below the prescribed policy level, as recommended. We will assess the District's efforts to implement this recommendation at the 24-month followup.

4. 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.

Implementation in process—As previously discussed in Recommendation 3, the Board adopted a formal fund balance policy that indicates the District may maintain a fund balance of up to 20 percent of its annual operating costs. The policy further specifies any general fund balance in excess of 20 percent of the District's annual operating costs should be used to fund its special projects program. According to District officials, the District's special projects program is an informal program to fund projects that contribute to increasing CTE program quality and student outcomes through equipment or certification attainment and require a sizeable financial commitment. As of September 2024, the District has allocated approximately \$39,000 from its general fund balance to 2 special projects, including paying for or reimbursing member districts for student certification costs and employing a part-time counselor to assist with outcome data reporting. Additionally, District officials reported another 2 planned special projects, including the purchase of new automotive equipment and the purchase and/or renovation of a building for its central welding program. However, the District did not have specific information about these plans, such as each projects' detailed cost, and has not developed a formal application or approval process for member districts to obtain monies through the special projects program. According to the District's most recent audited *Annual Financial Report*, the District's general fund balance at the end of fiscal year 2023 was over \$8.9 million, which is more than 8 times the maximum level specified in its fund balance policy of 20 percent of its annual operating costs, or approximately \$1.1 million for fiscal year 2023. We will assess the District's efforts to implement this recommendation at the 24-month followup.