

**STATE OF ARIZONA
ARIZONA AUDITOR GENERAL**

Request for Proposals from Qualified Firms

A. Project description

The Arizona Auditor General (Office) is requesting proposals from qualified firms to conduct a forensic audit of the Arizona State Schools for the Deaf and the Blind (Auditee). The forensic audit must be completed and a report of its work, including findings and recommendations, must be submitted to the Office no later than August 10, 2026.

B. Background

The Auditee is responsible for providing educational programs and other support services to Arizona children with sensory impairments through its schools and/or programs (programs). See Arizona Revised Statutes §§15-1301 through 15-1346. Specifically, the Auditee has the following programs:

- **Tucson campus**—The Auditee’s Tucson campus serves enrolled students with hearing and/or vision impairments from preschool through grade 12. The Tucson campus includes both a day program and a residential program for its students, including elementary, middle, and high school buildings; residential halls; and a performing arts center.¹ The Tucson campus offers classroom instruction, as well as educational and support services for its students, such as occupational and physical therapy, social skills training, braille, speech therapy, and American Sign Language (ASL). In addition, the Tucson campus provides transition services, which are intended to assist students to prepare for post-school activities, including individualized assistance for students and families preparing for postsecondary education and work, courses to help students learn job skills, programs for high school students to develop independent living skills, and access to career and technical education courses offered at local public schools and other locations throughout Pima County and the surrounding area.
- **Phoenix Day School for the Deaf (PDSD)**—The Auditee’s PDSD serves enrolled hearing-impaired students in preschool through grade 12.² PDSD offers classroom instruction, and similar educational and support services as the Tucson campus, such as ASL and occupational and physical therapy. Similar to the Tucson campus, PDSD also offers transition services, including a course

¹ Students participating in the day program attend school during the day and then return home later in the afternoon. Students in the residential program live in on-campus dormitories, returning home when school is not in session.

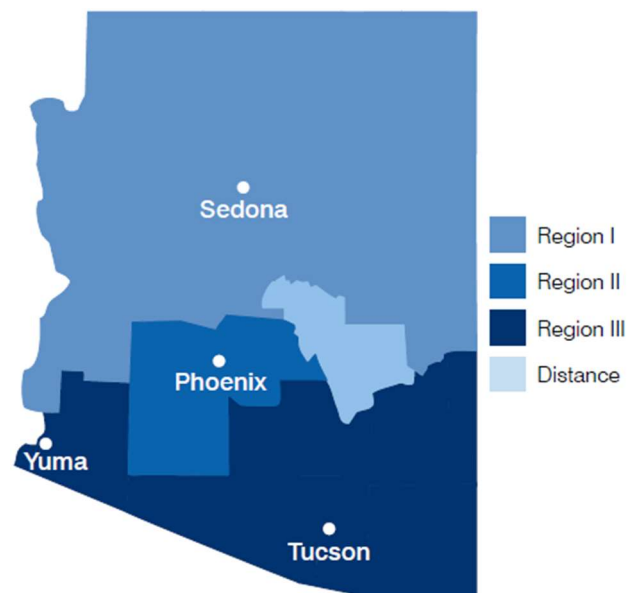
² PDSD does not offer a residential program.

that focuses on the college application process and entering the job market, individualized assistance for students and families preparing for postsecondary education and work, courses to help students learn job skills, and programs for high school students to develop independent living skills, as well as access to career and technical education courses offered at local public schools and other locations throughout Maricopa County.

- Itinerant Services Program**—The Auditee’s Itinerant Services Program provides sensory impaired students throughout the State of Arizona with educational and support services, including specialized equipment and materials; virtual instruction; nonteaching services, such as low vision examinations; and other related services, such as educational interpreting. The Itinerant Services Program serves sensory impaired students who are enrolled in participating schools, which include public school district and charter schools, and other public educational programs, such as Bureau of Indian Affairs schools. The Itinerant Services Program consists of 3 regional cooperatives that offer services to students within their respective region (see Figure 1). Participating schools must enter into a cooperative agreement with the Auditee to obtain services for their sensory impaired students.

- Early Learning Program (ELP)**—The Auditee’s ELP serves sensory impaired children from birth to age 5 in Arizona. Specifically, as required by statute, the Auditee works with the Arizona Early Intervention Program (AzEIP) to provide home based services to sensory impaired infants and toddlers, birth to age 3, across the State.³ Additionally, the ELP serves sensory impaired preschool students, age 3 to 5, enrolled at the Auditee’s Tucson campus, as well as students enrolled at campus-based preschool programs in the Phoenix metropolitan area. Specifically, the Auditee runs preschool programs on its PDSO campus and at a satellite campus in San Tan Valley, and contracts with public nonprofit preschools, such as the Foundation for Blind Children and the Desert Voices Oral Learning Center in the Phoenix metropolitan area.

Figure 1
Map of Auditee’s regional cooperatives



³ A.R.S. §41-2022. AzEIP is a State-wide system of early intervention programs and services administered by the Arizona Department of Economic Security for infants and toddlers, birth to age 3, with developmental delays.

- **Staffing and Organization**—The Auditee’s Board of Directors (Board) is required by statute to consist of 10 members, and is responsible for the governance of the Auditee, including appointing the Auditee’s Superintendent.

As of May 1, 2022, the Auditee had 501.72 filled full-time equivalent (FTE) positions and 113 vacancies.⁴ The Auditee is organized into the following 3 divisions:

- Education Programs (358.92 FTEs, 86 vacancies)—Responsible for the Auditee’s educational programs, including onsite campus instruction, the Itinerant Services Program, and the ELP.
- Agency Operations and Support Services (103.52 FTEs, 19 vacancies)—Responsible for food services, transportation, facilities management, human resources, business services, and information technology (IT).
- Agency Relations (39.28 FTEs, 8 vacancies)—Responsible for policy and government relations, as well as agency communications, including web and digital media.

According to the fiscal year 2025 appropriations report, for fiscal year 2025, the Auditee was appropriated 562.2 FTE positions (see [FY 2025 Appropriations Report - Arizona State Schools for the Deaf and the Blind](#)).

- **Revenues and expenditures**—As shown in Table 1, see pages 21 through 22, the Auditee was estimated to receive approximately \$66.3 million in revenues in fiscal year 2022, primarily consisting of approximately \$23.2 million from State General Fund appropriations, approximately \$20.4 million in intergovernmental revenues, and approximately \$20.3 million in Itinerant Services Program monies.⁵ The Auditee’s expenditures and transfers consisted primarily of payroll and related benefits, professional and outside services, and other operating expenditures, and were estimated to be approximately \$58.7 million in fiscal year 2022.

As shown in Table 2, see page 23, according to the fiscal year 2025 appropriations report, the Auditee was estimated to receive \$65.6 million in revenues in fiscal year 2025, primarily consisting of approximately \$25.3 million from State General Fund appropriations. According to the fiscal year 2025 appropriations report, Auditee’s expenditures and transfers will consist primarily of payroll and related benefits, professional and outside services, and other operating expenditures and were estimated at \$60.4 million.

See Table 3, pages 24 through 25, for more information on Auditee’s classroom and nonclassroom spending by operational area in fiscal year 2022.

⁴ These vacancies comprise 38 teachers, 18 instructional assistants, 12 interpreters, 8 bus drivers, and 37 various other positions, such as support staff and chaperones.

⁵ Itinerant Services Program revenues consist of special education institutional voucher monies received from the Arizona Department of Education (ADE) and program fees paid by participating schools (see [Arizona Auditor General report number 22-109](#), pages 4 through 5, for more information).

The Office conducted a performance audit and sunset review of the Auditee in 2022 (see [Arizona Auditor General Report Number 22-109](#)).

C. Work statement

The selected Firm must:

1. After receiving formal “Notice to Proceed” from the Office, make all necessary off-site preparations for the selected Firm to execute the project with minimal support from the Office.
2. Organize, schedule, and facilitate a project entrance conference, potentially by video or teleconference if necessary, with representatives from the Auditee and the Office. The purpose of this entrance conference is to introduce the person or Firm, establish workspace if needed, identify a liaison for the Auditee, determine a periodic meeting schedule, and discuss the scope and time frame for the audit.
3. Conduct preliminary work to plan for completing the fieldwork areas outlined in Section C(4)(a)-(i). This work must include, but is not limited to:
 - a. Seek input from key stakeholders as identified by the Office to understand their perspectives on and concerns related to the Auditee’s finances and operations.
 - b. Assess the availability of the Auditee’s educational, financial, and operational data relevant to the audit areas, including interviewing Auditee staff to determine what data the Auditee maintains and where it is stored, how it is used, and what controls are in place to ensure its accuracy and reliability; review the data and data system(s) to determine what data is necessary to address audit issues; and request and obtain the data and ensure the data provided is fully responsive to the request.
 - c. Conduct data validity/reliability testing after the data is obtained, such as by looking for blank fields, potential errors in logic or calculations, inconsistent names or values within fields, etc., and randomly pulling a sample of hard copy files to test data reliability and completeness. This will also require determining the validity of the Auditee’s timekeeping records, which may require interviews with Auditee staff, observation of classrooms, and review of the Auditee’s formal and informal policies and procedures.

Based on the results of this work, the Firm should determine the data’s reliability for audit purposes. If the Firm determines the data is not available

or not reliable for audit purposes, it should contact the Office to discuss and determine alternative procedures for any of the areas listed below for which the Firm has determined data analysis would be useful.

- d. Performing any other work the Firm deems necessary for completing the tasks outlined in Section C(4)(a)-(i) in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, including but not limited to developing work plans, conducting initial interviews with Auditee staff, and completing work to gain an understanding of the areas to be reviewed.
4. Complete the following audit tasks:
- a. Conduct a detailed review of all Auditee payroll expenditures in fiscal years 2022 through 2024, including reviewing:
 - i. Personnel records such as personnel action forms and contracts, for each Auditee employee to obtain approved salary and related benefits, including any allowable bonuses or other discretionary payments, position descriptions, and approved allocation of salary and benefits to educational programs or administrative/support categories.
 - ii. Payroll records for each employee to determine if the amount paid to the employee was appropriate based on the review of the personnel records above, and if the salaries were allocated to the appropriate educational program or administrative/support category. Additionally, whether teachers and paraprofessionals were paid in accordance with the Auditee's salary schedule. This work should also review whether the employees for which the Auditee received Medicaid reimbursements for their services performed the services and were authorized for Medicaid reimbursement.
 - iii. Timekeeping records for each Auditee employee to determine if employees accurately reported their hours (worked, vacation, holiday, etc.) after the pay period ended and that the hours were approved by a supervisor prior to being paid.
 - iv. Preparing a report listing all exceptions identified in the previous steps, including the dollar amount and the nature of the exception (i.e., unsupported, unapproved, unallowable, etc.). This report must be provided to the Office by a mutually agreed upon date.
 - b. Conduct a detailed review of all the Auditee's fiscal years 2022 through 2024 nonpayroll expenditures, including:
 - i. Conducting a trend analysis over the three fiscal years and investigating any unexpected variances between years.

- ii. Reviewing all nonpayroll expenditure transactions, including but not limited to transactions from professional and outside services, travel, purchasing and fuel cards, pupil expenses billed to the parent/legal guardian, other operating expenditures, and capital/noncapital expenditure categories. This review should determine if each transaction was properly procured and supported by documentation, approved, and allowable by:
 - o Reviewing underlying documentation such as internal/external purchase orders, invoices, receipts, receiving reports, and other documents to determine if the goods were received and/or the services were provided.
 - o Reviewing documentation demonstrating transactions were approved and allowable according to State and federal laws, applicable agreements and contracts, the Arizona State Procurement Code, the State Accounting Manual, Auditee policy, and any other applicable requirements.
- iii. Identifying transfers out and reviewing underlying documentation to determine the purpose of the transfers to other State agencies and whether the transfers were approved and allowable in accordance with State and federal laws and other applicable requirements.
- iv. Preparing a report listing all exceptions identified in the previous steps, including the dollar amount and the nature of the exception (i.e., unsupported, unapproved, unallowable, etc.). This report must be provided to the Office by a mutually agreed upon date.
- c. Conduct a detailed review of all Auditee revenues/monies collected in fiscal years 2022 through 2024, to ensure all monies collected were properly received, recorded, and deposited timely and completely, including reviewing activity in:
 - i. Schools for the Deaf and the Blind Fund.
 - ii. Corporate Services Fund.
 - iii. Classroom Site Fund.
 - iv. Gifts, grants, and donations.
 - v. Proceeds of or income from the proceeds of land.

The Firm must document its review of all Auditee revenues/monies collected in fiscal years 2022 through 2024 and submit a summary report of its understanding and conclusions for this area to the Office by a mutually agreed upon date.

- d. Assess the Auditee's Itinerant Services Program fees and voucher reimbursement amount, including determining whether the monies collected from Auditee's fees and voucher reimbursements align with its costs and if extra money is collected, how this extra money is used. The work should include determining the Auditee's status in implementing the recommendations from the Auditor General's 2022 performance audit and sunset review to develop and implement policies and procedures to periodically review the appropriateness of its Itinerant Services Program fees and voucher reimbursement amount, including analyzing the costs of the processes and services the Itinerant Services Program provides, comparing these costs to associated fees, determining the appropriate fees and reimbursement amounts, and revising its fees and reimbursement amounts accordingly.

The Firm must document its assessment of the Auditee's Itinerant Services Program fees and voucher reimbursement amounts and submit a summary report of its understanding and conclusions for this area to the Office by a mutually agreed upon date.

- e. Compile multiple financial tables with detailed financial information for each year for the period of fiscal years 2022 through 2024, as follows:
 - i. Total expenditures from each revenue source (i.e., State General Fund appropriations, Intergovernmental, State Education vouchers, Itinerant Services Program fees). For transfers in, report the revenues in the appropriate underlying revenue source (e.g., Intergovernmental revenues for transfers of State monies from other agencies). This table(s) must be provided to the Office by a mutually agreed upon date.
 - ii. Total expenditures by revenue source for each educational program (Tucson campus day school, Tucson campus residential program, Phoenix Day School, Itinerant Services Program, Arizona Early Intervention Program (AzEIP), Auditee preschools, contracted preschools). This table(s) must be provided to the Office by a mutually agreed upon date.
 - iii. Detailed payroll expenditures for Auditee employees in each educational program (Tucson campus day school, Tucson campus residential program, Phoenix Day School, Itinerant Services Program, AzEIP, Auditee preschools, State-wide deaf and blind programs), reported as follows:
 - o Annual payroll and related benefits expenditures for each instructional staff member, including reporting position description and any bonuses or other discretionary payments.

- Annual payroll and related benefits expenditures for each student support staff member, including reporting position description and any bonuses or other discretionary payments.
- Annual payroll and related benefits expenditures for each noninstructional/administrative staff member, including reporting position description and any bonuses or other discretionary payments.

This table(s) must be provided to the Office by a mutually agreed upon date.

- iv. Detailed nonpayroll (operational/nonoperational) expenditures for each educational program (Tucson campus day school, Tucson campus residential program, Phoenix Day School, Itinerant Services Program, AzEIP, Auditee preschools, State-wide deaf & blind programs), reported in the following categories and providing specific examples of common and unusual expenditures in each category:

- Administration
- Plant operations
- Food services
- Transportation
- Land and buildings
- Equipment

This table(s) must be provided to the Office by a mutually agreed upon date.

- v. Detailed administrative/support expenditures that are not allocated to a specific educational program, including:

- Annual payroll and related benefits expenditures for each non-program administrative and support staff member, including reporting position description and any bonuses or other discretionary payments.
- Detailed nonpayroll administrative expenditures, broken into categories as applicable and providing specific examples of common and unusual expenditures in each category.

This table(s) must be provided to the Office by a mutually agreed upon date.

- vi. Revenues, expenditures, and year-end fund balances for fiscal years 2022, 2023, 2024, 2025, and estimates for fiscal year 2026 for inclusion

in a financial table. This table must be provided to the Office by a mutually agreed upon date.

- f. Conduct a forensic review of all fiscal years 2022 through 2024 transactions by:
 - i. Using a Certified Fraud Examiner, conduct inquiries, review the financial information reviewed/compiled in the previous steps, use advanced data analytics, and conduct any additional audit procedures as appropriate to identify potential instances of fraud and/or misappropriation of monies, conflict-of-interest violations, and discrepancies, irregularities, or misstatements of financial activity.
 - ii. Conducting forensic audit procedures to determine if any fraud/misappropriation, conflict-of-interest violations, or discrepancies, irregularities, or misstatements of financial activity occurred and quantifying the dollar amount of any losses of public monies that occurred as a result of the identified issue(s).

The Firm must document the results of its forensic review and provide a summary report of its conclusions to the Office by a mutually agreed upon date.

- g. Evaluate if the Auditee is in compliance with the State's Open Meeting Law (OML) (see A.R.S. §38-431 through §38-431.03 and the Arizona Agency Handbook, Ch. 7, requirements by:
 - i. Observing Auditee meetings and reviewing Auditee meeting materials to assess if the Auditee is complying with OML requirements (if needed, the Office will conduct work related to executive session meetings).
 - ii. Reviewing the Auditee's policies, procedures, and processes for ensuring it complies with OML requirements.
 - iii. Assessing whether the Auditee's policies, procedures, and processes appear adequately designed to ensure compliance with OML requirements and/or have contributed to any observed noncompliance.
 - iv. In consultation with the Office, reviewing information from the Attorney General's Office and the State Ombudsman on whether the agency has received any OML complaints.
 - v. Developing recommendations to address any identified problems.

The Firm must document its review and assessment of the Auditee's compliance with the State's Open Meeting Law requirements. The Firm must submit a summary report of its review and assessment with the evidence

used to support its conclusions to the Office by a mutually agreed upon date.

- h. Evaluate the extent to which the Auditee has established safeguards against possible conflicts of interest. Specific procedures that should be completed to evaluate if the Auditee's conflict-of-interest practices comply with the State's conflict-of-interest statutes (see A.R.S. §38-501 et seq.), the Arizona Attorney General's Agency Handbook, Ch. 8, and recommended practices include:
 - i. Reviewing the Auditee's policies, procedures, and processes for ensuring Auditee Staff and Board members comply with the State's conflict-of-interest statutes and recommended practices.
 - ii. Assessing whether the Auditee's policies, procedures, and processes appear adequately designed to ensure compliance with conflict-of-interest statutes and recommended practices.
 - iii. Reviewing the Auditee's compliance with State conflict-of-interest requirements and its policies and procedures by reviewing employee/board member conflict-of-interest forms, reviewing the agency's special file of conflict-of-interest forms, observing Auditee Board meetings, and conducting any additional procedures to review its processes for identifying and mitigating conflicts of interest.
 - iv. Developing recommendations to address any identified problems.

The Firm must document its review and assessment of the Auditee's compliance with the conflict-of-interest requirements. The Firm must submit a summary report of its review and assessment with the evidence used to support its conclusions to the Office by a mutually agreed upon date.

- i. Obtain background information necessary to develop a report introduction for any applicable information the Firm includes in its report. The Firm must document its work and provide a written summary of the information gathered to the Office by a mutually agreed upon date.
5. Receive approval from the Office regarding sample sizes and sampling methodology prior to beginning test work.

The Office reserves the right to provide guidance for the selected Firm, upon the Firm's request or if the Office determines it is necessary, in matters such as sample sizes, the nature and extent of testing procedures, audit report content and format, and other areas, as applicable, to ensure the Firm fully addresses the issues identified in Section C(4)(a)-(i).

The work statement is intended as a listing of the minimum tasks required. The selected Firm may be required to perform certain additional auditing procedures in connection with the forensic audit at the Office's request. Within 10 days of notice from the Office of additional auditing procedures required, the Firm must provide the Office a written estimate of the hours necessary to perform the additional auditing procedures. The Firm must not commence work on the additional auditing procedures until the Office provides written approval of the hours estimated. Costs for any additional auditing procedures must be paid at the hourly rate submitted by the Firm pursuant to Proposal Content (J)(2) below. In completing any additional auditing procedures, the Firm must submit a written statement to the Office describing all deficiencies and errors noted resulting from the additional auditing procedures performed and must incorporate such deficiencies and errors into the forensic audit report, as directed by the Office.

D. Independence

The Firm must have no conflict of interest with regard to any other work performed for the State of Arizona or Auditee. The Firm must also provide information on other areas that may result in independence issues, such as participation on a board or having a direct or indirect financial interest. Firms must submit this information using the Independence Disclosure Form in Attachment A to this Request for Proposal (RFP). If the Auditor General determines that an independence issue exists, a Firm's proposal may not be considered. The Auditor General is the sole authority in determining whether any conflicts of interest or independence issues exist.

E. Reporting

1. The Office requires the Firm to prepare and submit written progress reports every 4 weeks for the purposes of monitoring the status, progress, and direction of the Firm's work, including any preliminary findings, conclusions, and recommendations. The Office may require additional information and/or that the Firm meet to discuss the audit's status, progress, and direction.
2. The Office requires the Firm to prepare and submit by April 7, 2025, its project timeline for completing audit planning work. The Office must approve and agree to the project timeline.

The Office requires the Firm to prepare and submit by May 5, 2025, its project timeline for completing fieldwork. The Office must approve and agree to the project timeline. The fieldwork timeline must include deadlines for key audit steps, test work, and report pieces to be initiated and completed, including deadlines for completing each of the tasks outlined in Section CC(4), including but not limited to when the Firm will complete and submit the following:

- a. A report listing all exceptions identified in the Firm's detailed review of all Auditee payroll expenditures in fiscal years 2022 through 2024 (see Section C(4)(a)(iv))
- b. A report listing all exceptions identified in the Firm's detailed review of all Auditee nonpayroll expenditures in fiscal years 2022 through 2024 (see Section C(4)(b)(iv))
- c. A summary report of its understanding and conclusions related to the Firm's detailed review of all Auditee revenues/monies collected in fiscal years 2022 through 2024 to ensure all monies collected were properly received, recorded, and deposited timely and complete (see Section C(4)(c)).
- d. A summary report of its understanding and conclusions related to the Firm's assessment of the Auditee's Itinerant Services Program fees and voucher reimbursement amount (see Section C(4)(d)).
- e. A financial table(s) with total expenditures from each revenue source (see Section C(4)(e)(i)).
- f. A financial table(s) with total expenditures for each educational program (see Section C(4)(e)(ii)).
- g. A financial table(s) with detailed payroll expenditures for Auditee employees in each educational program (see Section C(4)(e)(iii)).
- h. A financial table(s) with detailed nonpayroll expenditures for each educational program (see Section C(4)(e)(iv)).
- i. A financial table(s) with detailed administrative/support expenditures that are not allocated to a specific educational program (see Section C(4)(e)(v)).
- j. A financial table(s) with revenues, expenditures, and year-end fund balances for fiscal years 2022, 2023, 2024, 2025, and estimates for 2026 (see Section C(4)(e)(vi)).
- k. A summary report of the results of its forensic review (see Section C(4)(f)).
- l. A summary report of its review and assessment of the Auditee's compliance with the State's Open Meeting Law requirements (see Section C(4)(g)).
- m. A summary report of its review and assessment of the Auditee's compliance with the conflict-of-interest requirements (see Section C(4)(h)).
- n. A summary of background information developed for the report introduction (see Section C(4)(i)).

The agreed upon dates for the Firm's planning and fieldwork timelines will be incorporated as an appendix in the contract, and the agreed upon dates will apply unless the Auditor General waives or modifies them in writing.

3. The Office requires that the Firm provide the report to the following entities by the following dates:
 - a. A draft report outline must be submitted to the Office on or before March 18, 2026. The Office will provide feedback on the outline, which the Firm must incorporate as it drafts the report.

- b. An initial draft report of the Firm's findings, conclusions, and recommendations must be submitted to the Office on or before April 14, 2026. The initial draft report must include the information and evidence supporting the Firm's findings, conclusions, and recommendations and must address the issues identified in Section C(4) of this RFP. The Office will provide feedback on the initial draft, and the Firm must revise the draft based on this input and resubmit the draft to the Office to approve the changes. If the Office determines the resubmitted draft needs additional changes, the Firm must revise the draft to make these changes and resubmit the draft to the Office to approve the changes. The Firm must not submit the initial draft to the Auditee until the Office has approved the initial draft.
 - c. Once the Firm receives the Office's approval, the Firm must submit the initial draft report to the Office and the Auditee on or before June 25, 2026.
 - d. At a draft exit meeting to discuss the initial draft, the Auditee may identify accuracy or other concerns with report information, and the Firm is required to revise the report to address these concerns. The revised draft must be submitted to the Office on or before July 16, 2026. The Office will provide feedback on the revised draft, and the Firm is required to revise the draft based on this input and resubmit the draft to the Office to approve the changes. The Firm must not send the revised draft to the Auditee until the Office has approved all changes made to the report.
 - e. Once the Firm receives the Office's approval, the Firm must submit the revised draft report to the Office and the Auditee on or before July 29, 2026. The revised draft report will be the basis for the Auditee to submit their final written response, which the Firm must include in the final report.
 - f. The Firm must submit the final report of the Firm's findings, conclusions, and recommendations, including the written response from the Auditee to the Office on or before August 5, 2026. The Firm must provide the Office with an electronic copy of the final report, including any graphics and appendices. The Firm must provide the electronic report version through a ShareFile upload link that the Office will provide to the Firm and must provide the electronic report in PDF format, and it must not be password protected. Further, the Firm must complete final copy editing of the final report prior to providing to the Office.
 - g. The due dates in steps 3(a)-(f) will apply unless the Auditor General waives or modifies them in writing.
4. The selected Firm must retain the audit documentation supporting its report for 5 years from the date of the final report and make the audit documentation available at a location the Office specifies, free of charge, for examination by

authorized Office representatives. If the Firm does not desire to retain the documentation for such period, the Firm must give the documentation to the Office for safekeeping.

F. Meetings

The following additional tasks are required as a part of the audit:

1. At the start of the audit, the Firm must organize, schedule, and facilitate a project entrance conference, with representatives from the Auditee and the Office. The purpose of this entrance conference is to introduce the Firm, establish workspace as needed, identify liaisons, determine a periodic update meeting schedule, and discuss the scope and time frame for the audit.
2. During the audit, the Firm must hold a pre-meeting with the Office prior to each monthly meeting with Auditee representatives.
3. During the audit, the Firm must schedule and hold periodic meetings (at least 1 meeting every 4 weeks) with representatives from the Auditee to update them on the audit's progress, including any preliminary conclusions. The Office must also be invited to attend these meetings.
4. Upon completion of fieldwork, the Firm must hold a fieldwork exit meeting with the Office and the Auditor General prior to initiation of the report outline.
5. After submitting the report outline to the Office, the Firm must hold a messaging meeting with the Office to discuss and approve the outline prior to initiation of the report draft.
6. Prior to completing the final report, the Firm must organize, schedule, and facilitate a draft exit conference, with responsible officials from the Auditee. The Office must also be invited to attend this meeting. Prior to the draft exit conference, the Firm must provide the Office and the Auditee with a draft audit report. The draft exit conference's purpose is to discuss the draft audit report, identify any potential accuracy concerns, and obtain comments on the report's findings and recommendations.

To facilitate this discussion, the Firm must require the Auditee to provide a preliminary written response, including whether it agrees to the findings and plans to implement any recommendations directed to it. The response is required to be provided to the Firm and the Office at least 48 hours before the draft exit meeting. The Office will provide specific instructions for the response. Attendance at the draft exit conference is mandatory for the selected Firm's project manager and any other staff who performed evaluation tasks as listed in the proposal.

7. The Firm must hold a follow-up expectations meeting with the Auditee one month following issuance of the initial report.
8. The Firm must plan and budget time and resources to conduct follow-up work after the final report is issued and must issue a follow-up report on the implementation status of the final report's recommendations. The Firm must conduct at least 2 follow-ups at 6 months and 18 months after the audit report is released. The follow-up work and follow-up report format must follow the format of the follow-up reports the Office issues. If subsequent follow-ups are required, such as a 24-month follow-up, these will be negotiated at a later date.
9. The Firm must plan and budget time and resources to participate in presentations to legislative committees or briefings for legislative members, if requested. The Firm must allow for at least 1 in-person trip for a presentation to the legislative committees when the Auditor General requires. The Firm may be required to participate in several presentations or briefings during 1 trip.

G. Onsite work

The Firm must conduct some work onsite at the Auditee's locations. At a minimum, the Firm must conduct work onsite during the initial scoping phase to build rapport with the Auditee, review the Auditee's data system and controls, and review hard copy files. During fieldwork, the Firm must conduct work onsite to observe Auditee Board meetings, conduct observations of Auditee operations, and conduct interviews and other procedures as necessary.

H. Term of agreement

The term of the agreement must provide for the forensic audit of the Auditee to be completed by August 10, 2026, and must continue for the purpose of retaining audit documentation.

I. Proposal delivery

1. Sealed proposals will be received until 5:00 p.m. Mountain Standard Time on March 10, 2025, at the following location:

Arizona Auditor General (Attention: Julie Cantrell)
State of Arizona
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Timely receipt of proposals will be determined by the date and time the proposal is received at the address specified. No proposals will be accepted after the time

indicated. Proposals received after the deadline will be stamped for time and date, and returned unopened.

All material submitted in accordance with this solicitation becomes the Office's property and will not be returned.

Alternatively, you may email the proposal with the subject line "ASDB Forensic Proposal" to RFP@azauditor.gov until 5:00 p.m. Mountain Standard Time on March 10, 2025, instead of mailing hard copies. No emails will be opened until after the deadline.

2. If the proposal is mailed, 5 copies of the proposal are required. They must be packaged in such a manner that **the outer wrapping clearly indicates** the following information:

PROPOSAL FOR ASDB FORENSIC AUDIT
PROPOSAL DEADLINE: March 10, 2025

3. Any questions relating to the RFP should be directed to Julie Cantrell at jcantrell@azauditor.gov. Email inquiries will be acknowledged, and inquiries and responses will be posted on the Office's website (www.azauditor.gov). Email inquiries will be accepted only until 5:00 p.m. Mountain Standard Time on Wednesday February 21, 2025. No responses will be provided for inquiries received after that date/time.
4. The Office will hold a preproposal conference scheduled for Thursday, February 13, 2025, at 11:00 a.m. (Mountain Standard Time), to provide information about the audit and to answer any questions. The conference will be held at the Auditor General's Office in Phoenix, at 2910 North 44th Street, 4th floor boardroom. For those unable to join in-person, you may request a virtual meeting link by sending an email to Julie Cantrell at jcantrell@azauditor.gov.
5. Information provided in the proposal, including cost, will be held confidential and will not be disclosed to competitors before selecting the contractor. However, proposals may be disclosed following selection of the contractor.

J. Proposal content

1. The technical portion of the proposal for each Auditee must include a minimum of:
 - a. A brief statement of the Firm's understanding of the work to be done.
 - b. A work plan detailing the approach the Firm intends to follow.

- c. A plan for organizing and staffing the project with an estimate of time each project staff member will devote to the project.
- An organization chart identifying the engagement partner and manager.
 - The names of engagement staff members.
 - The role of each staff member.
 - The percentage of effort (time) of each staff member for the contract period.
 - The resumes of key engagement staff members showing education and experience relevant to this engagement. Specify their level of participation, if any, in the engagements identified in item 4 below.

2. Bid amount

Using the Cost Proposal Form in Attachment B to this RFP, the Firm must submit its cost proposal for the following:

- The estimated hours and cost per task, and the total fee for the work required to complete all work necessary to prepare the final forensic audit report and participate in legislative briefings and hearings, including all travel and out-of-pocket expenses.
- The estimated hours and cost for the work required to complete all work necessary to prepare the final 6- and 18-month follow-up reports, including all travel and out-of-pocket expenses.
- A single hourly rate for any additional auditing procedures required in connection with the forensic audit.
- A single hourly rate for the optional follow-up work to be completed after issuance of the 18-month follow-up report, if the Office exercises that option.

3. Changes in work

Significant changes in the scope, character, or complexity of the work may be negotiated if it is mutually agreed that such changes are desirable and necessary. Contract changes defining, increasing, or limiting the work and compensation must be authorized in writing by the Auditor General prior to performing work.

4. References

The proposal must include a description of the offeror's experience in conducting recent forensic audits similar to that anticipated by this RFP. The following data should be included for at least 3 such forensic audits.

- a. The date of the forensic audit.
 - b. The name and address of the client organization.
 - c. The name and telephone number of the individual in the client organization who is familiar with the forensic audit.
5. Other items to be included in the proposal are as follows:
- a. A description of the offeror's organization.
 - b. A copy of the offeror's most recent peer review report.
 - c. The location of the office from which the work is to be performed.
 - d. A description of the local office's capability to determine the reliability of computerized financial data.

K. Proposal evaluation and selection

1. A selection committee will review and evaluate the proposals. During the evaluation process, you must be available to answer questions by telephone. As part of the final selection process, the Auditor General reserves the right to:
 - a. Contact references from among those provided by the Firms as requested in the Proposal Content.
 - b. Request oral presentations or discussions with the Firms. Presenters from the Firm must include key members of the proposed engagement team.
2. The Auditor General will select the proposal judged most likely to meet the project's needs and objectives. Emphasis will be placed on:
 - a. Responsiveness to the objectives and issues described in the Request for Proposal.
 - b. Firm's related past experience and reputation.
 - c. Qualifications of staff assigned to the project.

- d. Proposed work plan.
 - e. Engagement hourly and total costs.
3. A recommendation for contract award will be made to the Auditor General; her decision will be final. The Auditor General will award the contract to the responsible Firm whose proposal is determined to be the most advantageous to the State.
 4. A successful bidder will be notified by telephone with a confirmation letter and contract to follow. A sample contract is included herein (see Attachment C).
 5. The Auditor General reserves the right to:
 - a. Cancel this solicitation.
 - b. Reject any and all proposals.
 - c. Select for contract negotiation the Firm's proposal that, in the Auditor General's judgment, best meets the Office's needs, regardless of any differences in estimated project costs between the Firm and all others.
 - d. Negotiate a contract that covers selected parts of this proposal.

L. Other requirements

Prior to commencing work, the Firms selected are required to perform the following:

1. Execute a contract, a sample of which is included as a separate document (see Attachment C).
2. Provide an insurance certificate naming the State as an additional insured in the amounts stated on pages 14 through 17 of the sample contract.

TIME FRAME FOR PROPOSAL PROCESS, STATUS REPORTS, BRIEFINGS, AND SUBMISSION OF REPORTS

The following dates will apply unless the Auditor General waives or modifies them in writing:

Auditee	
Event	Date
RFP released	February 6, 2025
Preproposal conference	February 13, 2025
Deadline for RFP questions and inquiries	February 21, 2025
Deadline for Firms to submit proposals	March 10, 2025
Estimated contract award and notice to proceed date	March 24, 2025
Work may begin date	March 24, 2025
Deadline for Firm to submit project timeline for planning phase	April 7, 2025
Deadline for Firm to hold entrance conference	April 11, 2025
Deadline for Firm to submit project timeline for fieldwork	May 5, 2025
Firm provides written status reports to Auditor General	Monthly
Firm briefs Auditor General before briefing Auditee	Monthly
Firm briefs Auditee and Auditor General	Monthly
Deadline to submit report outline	March 18, 2026
Deadline for Firm to submit initial preliminary draft to Auditor General	April 14, 2026
Deadline for Firm to submit initial preliminary draft to Auditee and Auditor General	June 25, 2026
Deadline for Auditee to submit written responses to preliminary draft to Firm	July 8, 2026
Deadline for Firm to hold draft exit conference	July 10, 2026
Deadline for Firm to submit a revised report draft to Auditor General	July 16, 2026
Deadline for Firm to submit a revised report draft to Auditee and Auditor General	July 29, 2026
Deadline for Auditee to submit final written responses to the revised report draft to the Firm	August 5, 2026
Deadline for Firm to submit final report incorporating Auditees' written responses to Auditor General	August 5, 2026
Issue Report	August 10, 2026
Deadline for Firm to conduct initial follow-up	February 10, 2027
Deadline for Firm to conduct 18-month follow-up	February 10, 2028

Appendix

Table 1
Schedule of revenues, expenditures, and changes in fund balance
Fiscal years 2020 through 2022
(Unaudited)

	2020 (Actual)	2021 (Actual)	2022 (Estimate)
Revenues			
State General Fund appropriations	\$23,590,236	\$23,431,906	\$23,284,447
Intergovernmental			
State special education institutional vouchers ¹	13,110,741	11,847,676	13,597,926
State Classroom Site Fund ²	2,456,879	2,277,938	3,380,512
Federal grants ³	2,132,847	1,883,615	2,683,709
Federal pandemic aid ⁴		1,203,385	758,367
Other state	620,775	241,313	0
Itinerant Services Program ⁵			
State special education institutional vouchers	13,424,018	13,314,311	16,792,622
District educational and support services fees	3,549,759	3,586,148	3,479,851
Other		63,676	34,769
Rental income ⁶	699,386	714,821	944,612
Medicaid reimbursements ⁷	722,469	458,089	996,611
Investment income	213,000	135,000	0
Donations	390,684	36,000	213,222
Private grants ⁸	14,421	9,447	(19,499)
Other ⁹	65,604	153,337	175,269
Total revenues	60,990,819	59,356,662	66,322,418
Expenditures and transfers			
Payroll and related benefits	43,595,420	45,210,400	42,784,939
Professional and outside services ¹⁰	4,598,586	3,490,187	6,370,243
Travel	292,728	48,385	84,920
Campus food service	186,141	159,799	45,938
Other operating ¹¹	6,109,696	5,976,894	6,704,262
Capital and noncapital purchases ¹²	3,116,032	2,484,080	1,634,873
Transfers to State agencies ¹³	111,868	70,000	1,070,189
Total expenditures and transfers	58,010,471	57,439,745	58,695,364
Net change in fund balance	2,980,348	1,916,917	7,627,054
Fund balance, beginning of year	7,999,312	10,979,660	12,896,577
Fund balance, end of year	\$10,979,660	\$12,896,577	\$20,523,631

Table 1 continued

- ¹ State special education institutional vouchers revenues were monies received from ADE for students enrolled at ASDB campuses.
- ² State Classroom Site Fund revenues were received from ADE's Classroom Site Fund. The Fund received monies from Proposition 301, a 2000 voter-approved initiative that increased the State's transaction privilege tax to provide additional funding for teacher compensation increases and other educational activities, and monies from the Permanent State School Fund expendable earnings pursuant to and defined in A.R.S. §37-521(B)(4).
- ³ ASDB received federal grants monies from the U.S. Department of Agriculture's National School Lunch and School Breakfast Programs, and various school-related federal grants from the U.S. Department of Education. For example, ASDB received monies from the Rehabilitation Services Administration's Vocational Rehabilitation Grants to States, Special Education – Grants to States, and Title 1 Grants to local education agencies programs in both fiscal years 2020 and 2021.
- ⁴ Federal pandemic aid intergovernmental revenues consisted of federal grants that were received to combat the effects of the COVID-19 pandemic and primarily comprised monies received from the U.S. Department of Education Stabilization Fund (ESF). The ESF was funded through various federal acts to pay for expenditures incurred to prevent, prepare for, and respond to the COVID-19 pandemic.
- ⁵ The Itinerant Services Program generated 2 primary revenue sources: (1) special education institutional voucher monies from ADE for some of the students it serves from participating schools and (2) revenues received directly from participating schools for services rendered by the Itinerant Services Program through the collection of membership fees and fees for services ASDB provides (see pages 4 through 6 for more information on Itinerant Services Program revenues). In addition, in fiscal years 2021 and 2022, the Itinerant Services Program also received monies related to the sale of assets that were previously purchased with the program's monies. See Sunset Factor 2, pages 13 to 15 for additional information on Itinerant Service Program fees.
- ⁶ Rental income is primarily from the land endowment earnings pursuant to A.R.S. §15-1304.
- ⁷ Medicaid reimbursements were monies ASDB received to pay for Medicaid covered services provided to eligible enrolled students.
- ⁸ In fiscal year 2022, ASDB reclassified some private grant revenues as donations, resulting in a negative balance for private grants.
- ⁹ Other revenues primarily consisted of E-rate credits received from a federal program that credits monies to nonprofit schools toward internet access and other related services.
- ¹⁰ Professional and outside services consisted of various services ASDB acquired such as therapy, medical, legal, and temporary agency services. For example, ASDB paid approximately \$1.9 million and \$1.5 million in fiscal years 2020 and 2021, respectively, to the Foundation for Blind Children for therapy and other services provided to children who qualified for birth to preschool services.
- ¹¹ Other operating expenditures consisted of various expenditures such as rent; utilities, including telecommunication; supplies, including automotive fuel; insurance; and repair and maintenance expenditures.
- ¹² Capital and noncapital purchases primarily consisted of various furniture, equipment, and software purchases, and building improvement costs such as fencing and flooring. Over half of ASDB's fiscal year 2020 and 2021 expenditures were for the purchase of new school buses and agency vehicles.
- ¹³ Transfers to other agencies consisted of transfers to the Arizona Department of Administration (ADOA) for interagency agreements related to building projects, such as providing a newly updated science lab for Tucson campus students.

Source: Auditor General staff analysis of the Arizona Financial Information System *Accounting Event Transaction File* and the State of Arizona *Annual Financial Report* for fiscal years 2020 and 2021, and Department-provided estimates for fiscal year 2022.

Table 2

Actual, estimated, and approved revenues and expenditures from Auditee's fiscal year 2025 appropriations report
 Fiscal years 2023 through 2025
 (Unaudited)

	Fiscal year 2023 (Actual)	Fiscal year 2024 (Estimate)	Fiscal year 2025 (Approved)
Revenues			
State General Fund appropriations	\$27,150,400	\$25,991,300	\$25,291,300
Other Appropriated Funds			
Cooperative Services Fund	15,417,400	19,915,300	20,092,400
Schools for the Deaf and the Blind Fund	14,641,600	15,210,500	14,878,500
Telecommunication Fund for the Deaf			168,000
Other Non-Appropriated Funds	2,386,300	1,982,700	1,982,700
Federal Funds	2,965,800	3,205,000	3,205,000
Total revenues	62,561,500	66,304,800	65,617,900
Expenditures			
Payroll and related benefits	30,793,800	29,136,100	30,007,200
Professional and outside services	3,504,700	4,820,200	4,988,200
Travel	97,300	181,200	181,200
Other operating	6,895,400	6,247,300	5,241,200
Equipment	500,800	448,000	448,000
Special line items:			
Operating budget lump sum reduction			(897,000)
School Bus/Agency Vehicle Replacement		369,000	369,000
Cooperative Services	15,417,400	19,915,300	20,092,400
Total expenditures	\$57,209,400	\$61,117,100	\$60,430,200

Source: [Joint Legislative Budget Committee Fiscal Year 2025 Appropriations Report - Arizona State Schools for the Deaf and the Blind](#)

Table 3
Auditee’s operational and nonoperational spending¹
Fiscal year 2022

Spending category	Phoenix Day School for the Deaf	Tucson Campus	Itinerant Services	Birth-to-3 (ELP)	Preschool (ELP)	State-wide ³	Total
Operational spending²							
Classroom spending							
Instruction ⁴	\$4,241,439	\$3,710,212	\$8,967,341	\$3,028,794	\$2,991,508	-	\$22,939,294
Student support ⁵	2,789,106	3,547,580	4,474,299	220,652	123,722	-	11,155,359
Instruction support ⁶	141,431	122,841	27,134	151	73,715	342,056	707,327
Nonclassroom spending							
Administration ⁷	608,019	462,548	785,080	126,193	164,113	5,811,652	7,957,605
Plant operations ⁸	1,745,903	2,648,434	-	-	-	-	4,394,338
Food services ⁹	274,710	154,881	-	-	-	-	429,591
Transportation ¹⁰	2,232,336	1,576,526	149,799	17,370	17,253	8,287	4,001,569
State-wide deaf & blind programs	-	-	-	-	-	2,445,502	2,445,502
Subtotal operational spending	12,032,945	12,223,022	14,403,653	3,393,159	3,370,311	8,607,496	54,030,586
Nonoperational spending							
Land and buildings	-	-	505,916	-	-	-	505,916
Equipment	140,588	252,910	343,270	-	3,843	543,747	1,284,358
Subtotal nonoperational spending	140,588	252,910	849,187	-	3,843	543,747	1,790,275
Total spending	\$12,173,533	\$12,475,933	\$15,252,839	\$3,393,159	\$3,374,154	\$9,151,243	\$55,820,860

¹ As a State agency, the Auditee is not required to follow the *Uniform System of Financial Records for Arizona School Districts* (USFR) and does not always identify spending by category consistent with Arizona school districts’ account classifications. The USFR was developed by the Arizona Auditor General and the Arizona Department of Education, and prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, and various other compliance requirements. Because the Auditee does not follow the USFR and the specialized nature of the services the Auditee provides, the Auditee’s spending information is not comparable to the spending information for Arizona public school districts reported in our *Arizona School District Spending* report. Additionally, we did not identify publicly available comparative spending information for schools for the deaf and the blind in other states.

² Operational spending includes costs the Auditee incurred for its day-to-day operations but does not include costs to acquire capital assets, such as purchasing or leasing land, buildings, and equipment.

³ State-wide spending includes costs that cannot be tied to a specific campus or program, such as spending on agency support staff and operations.

⁴ Instruction spending includes teacher and other instructional staff salaries and benefits, travel, supplies, equipment, and related services.

Table 3 continued

- ⁵ Student support spending includes therapy and other support staff salaries and benefits, travel, supplies, equipment, and related services for activities that assess and improve student well-being.
- ⁶ Instruction support spending includes teacher and other instructional staff salaries and benefits, travel, supplies, equipment, and related services for activities dealing directly with the students.
- ⁷ Administration spending includes salaries and benefits for directors, principals, assistant principals, administrative assistants, and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities, and administrative technology services; and other costs related to these services.
- ⁸ Plant operations spending includes staff salaries and benefits and related costs to keep facilities and equipment operational, including costs for heating, cooling, lighting, and property insurance. Plant operations spending also includes the cost to operate a dormitory at the Tucson campus.
- ⁹ Food services spending includes staff salaries and benefits, supplies, and costs for contracted food services.
- ¹⁰ Transportation spending includes salaries and benefits for transportation staff and contracted transportation services, as well as costs for maintaining buses and transporting students to and from school and school activities.

Source: Auditor General staff summary of the Arizona Financial Information System *Accounting Event Transaction File* and Auditee-provided information for fiscal year 2022.