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February 21, 2024

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

Dear Lindsey:

Please accept our district's response to the performance audit that has recently been completed. The administration and governing board accept the findings and will diligently work to implement the recommendations. Both Christine Haidet and Josh Lykins have been very good to work with and very helpful through this process. We appreciate the recommendations for improvements that were made to us. We feel that we have improved the district's operations as we worked through the process of the audit.

We look forward to working with your staff as we implement the recommendations and to seeing the improvements as we do so. Thank you for working with us on this and making it a positive relationship.

Sincerely,

Joel R. Todd
Superintendent
Cochise Technology District

Finding 1: District did not comply with some State conflict-of-interest laws and USFR requirements, limiting transparency into the District's activities and increasing the risk that the District may not be able to recover monies it improperly paid in advance

Recommendation 1: The District should in consultation with legal counsel, strengthen existing policies and develop and implement written policies and procedures governing conflicts-of-interest in conformance with State law. These policies and procedures should specifically disallow District employees from participating in matters for which they have a substantial interest, including approving payments to a relative or themselves.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has updated procedures to comply with State law and the USFR

Recommendation 2: The District should develop and provide periodic training on conflict-of-interest requirements, process, and disclosure forms to its employees on how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will implement the recommendation.

Recommendation 3: The District should ensure District employees follow the State conflict-of-interest law and District policy by following the practices they learned in the District-provided training (see recommendation 2), including describing their substantial interests on the District's conflict-of-interest form as required and refraining from participating in any decision, contract, sale, purchase, or service, such as office space rental prepayments, for which they have a substantial interest.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The district will implement the recommendation.

Recommendation 4: Revise existing lease agreements to no longer allow prepayments of expenditures unless they meet USFR and statutory requirements for prepayments, and recover all improperly prepaid amounts from District employees.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: Lease agreements will be adjusted to comply with the USFR and state law.

Finding 2: District did not comply with important internal control requirements, putting the District at an increased risk of errors, fraud, and unauthorized purchases

Recommendation 5: The District should develop and implement written cash-handling policies and procedures for cash collection, deposit, and review.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The district has already put procedures in place to rectify this issue.

Recommendation 6: The District should separate cash-handling duties from recordkeeping responsibilities, such as requiring a separate employee to be present when opening mail before recording checks on its mail log or implement other controls to ensure all checks received are accounted for and deposited.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The district has already put procedures in place to rectify this issue.

Recommendation 7: The District should prepare and maintain evidence, such as sequential, prenumbered receipts or a complete mail log, for all cash received.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation.

Recommendation 8: The District should deposit all cash at least weekly, or daily when amounts are significant.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The district has implemented this recommendation.

Recommendation 9: The District should provide training on USFR cash-handling requirements and its cash-handling policies and procedures to all employees involved in cash collection and deposit.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will implement this recommendation.

Recommendation 10: The District should separate responsibilities over credit cards among more than 1 employee so that no employee can make purchases, reconcile purchase

receipts to credit card statements, and review the transactions for appropriateness without another employee's independent review and approval.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District has implemented this recommendation.

Recommendation 11: The District should require an independent review and approval of its purchases prior to the purchases being made.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The district has already put procedures in place to rectify this issue.

Finding 3: District did not ensure monies it provided to its member districts were used to supplement CTE spending, potentially impacting satellite program quality

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 finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The district will update its IGAs with member districts.

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 finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will work with member districts to make sure that the required report is submitted. The District will also develop a consequence for districts that will encourage their compliance with this reporting requirement.

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 finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will implement this recommendation.

Finding 4: District's lack of key outcome data prevents it from demonstrating how the \$4.5 million it spent on programs in fiscal year 2022 effectively prepared students for high-need occupations

Recommendation 15: 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 finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: CTD will develop a process to track student certifications and placement data.

Recommendation 16: 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.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will facilitate processes to do this.

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

Recommendation 17: The District should limit users' access in the accounting system to only those accounting system functions needed to perform their job duties, including transferring administrator-level access to someone outside the business office.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: This recommendation has been implemented.

Recommendation 18: The District should establish and implement written policies and procedures to assign and periodically review accounting system access for employee

accounts in the accounting system to ensure employees have access to only those accounting system functions needed to perform their job duties.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will implement this recommendation.

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 finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will implement this recommendation.

Recommendation 20: The District should develop and implement an IT contingency plan that meets USFR requirements and credible industry standards and perform documented tests against the plan, at least annually, to identify and remedy any deficiencies.

District Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District will implement this recommendation.