

March 5, 2024

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

Dear Ms. Perry:

Please accept EVIT's response to the performance audit that has recently been completed. The administration and governing board do accept the findings, have already implemented some recommendations and will continue to implement the rest.

On behalf of the EVIT team, I would like to thank the audit team who have worked with us throughout this process for their patience and professionalism as we gathered the information requested and responded to questions.

We appreciate the audit's recommendations. This will help EVIT in our efforts to use our resources wisely as we provide quality career training for high school and adult students in the East Valley.

We strive at EVIT to change lives by loving our students and serving our community, including the taxpayers who fund our institution. Thank you for working with us in a positive way to help us be who we expect ourselves to be.

Sincerely,

Dr. Chad Wilson  
Superintendent  
East Valley Institute of Technology

**Finding 1:** District did not comply with important cash-handling requirements, resulting in potential loss of CTE program monies and increased risk of fraud

**Recommendation 1:** The District should comply with USFR requirements to establish and maintain effective policies and procedures to safeguard cash, prevent its loss or misuse, provide prompt and intact depositing, and ensure its accurate recording by developing detailed written policies and procedures for District staff that addresses allowable price modifications, required documentation supporting any modifications made, and when zeroed-out transactions are allowable.

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 USFR requirements.

**Recommendation 2:** The District should develop and implement processes for monitoring District staff, including CTE program instructors, to ensure they comply with the District's cash-handling policies and procedures.

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

Response explanation: A cash handling policy has been put in place for Cosmetology and Barbering programs.

**Recommendation 3:** The District should ensure cash receipt reconciliations are assigned to District staff and are completed, reviewed, and retained in accordance with USFR guidelines and the District's updated policy, including reconciling salon appointments to cash collections and cash deposits and reviewing all zeroed-out transactions to ensure they are documented accordingly.

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

Response explanation: The district will implement written procedures to comply with USFR requirements.

**Recommendation 4:** The District should provide training on USFR cash-handling and recordkeeping responsibilities and District policies and procedures for price modifications and documentation requirements to all employees involved in cash collection, deposit, 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 will provide training on USFR cash-handling and recordkeeping responsibilities.

**Recommendation 5:** The District should promptly report instances of suspected fraud, theft, waste, or abuse to appropriate authorities, including the Arizona Auditor General and the Arizona Attorney General.

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

Response explanation: The District will promptly report instances of suspected fraud, theft, waste or abuse to appropriate authorities, including the Arizona Auditor General and the Arizona Attorney General.

**Finding 2:** Contrary to State laws, District spent nearly \$14,500 on food and beverages for District events without Board approval, limiting public transparency into its activities

**Recommendation 6:** The District should stop providing food and beverages for any purposes without prior Board approval.

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

Response explanation: The District will no longer provide food or beverages without prior Board approval.

**Recommendation 7:** The District should ensure it documents the public purpose and benefit of providing food and beverages at District events. For each allowable District event, the District should document its statutory authority, document the public purpose and benefit of providing food and beverages at the event, ensure the event and all purchases are in accordance with its policies, and maintain documentation supporting all purchases.

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

Response explanation: The District will no longer provide food or beverages without prior Board approval and will identify public purpose, the statutory authority, and funding source when requesting approval. The District will maintain supporting documentation for all purchases.

**Finding 3:** District's timelines for approving satellite CTE programs did not always provide member districts sufficient time to plan satellite programs, resulting in member districts operating programs without Board approval and spending monies to set up a satellite program that was subsequently disapproved

**Recommendation 8:** The District should work with member districts to update IGAs to ensure that deadlines for satellite program approval are consistent and provide sufficient time for member districts to plan for approved satellite programs.

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

Response explanation: EVIT will continue to work with its partnering districts through its IGA process to develop and implement a program approval timeline(s) that support the efficiency, effectiveness, and outcomes of CTE satellite programs and planning.

**Finding 4:** District's lack of complete and reliable key outcome data prevents it from demonstrating how the \$85.9 million it spent on programs in fiscal year 2022 effectively prepared students for high-need occupations

**Recommendation 9:** 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: EVIT will continue to work with its partnering districts to establish data collection protocols for all CTE programs, central and satellite, to demonstrate compliance with statutory and ADE requirements and recommended practices.

**Recommendation 10:** 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 finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: EVIT will work to analyze all CTE program outcome data, both central and satellite, to evaluate the effectiveness of its CTE programs in preparing students for high-need occupations to support the investment of any public monies, and use the results of its evaluations to make changes to its programs. This will include, but is not limited to, the evaluative process EVIT has already begun to monitor, measure, and provide recommended best practices in additional indicators such as student persistence in programs, focus on workforce placement, and seeking to add certifications that carry "currency" of better employment.

**Finding 5:** District's adult education program tuition and fees did not cover program expenses, resulting in a combined deficit of more than \$1.6 million in fiscal years 2021 and 2022

**Recommendation 11:** The District should calculate the full cost of providing each adult education program and use this information to set tuition and fees for these programs, including providing an explanation if the full cost of providing these programs will not be recovered, and provide updated program tuition and fees information to its Board.

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 for calculating full cost of each adult education program to determine tuition.

**Recommendation 12:** The District should monitor adult education spending and complete long-term forecasting to anticipate future costs of providing adult education programs, including associate degree programs, to ensure its adult education program tuition and fees cover program expenses.

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.

**Finding 6:** District accumulated over \$71 million in fund balances by end of fiscal year 2022 but did not have policy regarding amount to be maintained in its general fund or its intended purpose

**Recommendation 13:** The District should implement GFOA's best practices recommendations and update its 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 finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District adopted a Management of Capital Reserves Policy on September 25, 2023.

**Recommendation 14:** 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 finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response explanation: The District adopted a Management of Capital Reserves Policy on September 25, 2023.

**Finding 7:** District did not ensure monies it provided to its member districts were used to supplement CTE spending, potentially impacting satellite program quality

**Recommendation 15:** 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: EVIT will work to ensure, through a collaborative process, that 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. This recommendation has already been implemented at the time of the report.

**Recommendation 16:** The District should ensure all member districts complete the required CTED supplanting worksheet and provide the worksheets and any supporting documentation to the District, 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: EVIT will ensure all member districts complete the required CTED supplanting worksheet and provide the worksheets and any supporting documentation to the District, ADE, and the District's Board annually by required deadlines and take appropriate action when member districts do not complete the report.

**Recommendation 17:** 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: EVIT will work to 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 when it identifies supplanting.

**Finding 8:** District awarded more financial aid to 31 students than allowed by its procedures, potentially preventing students with higher need from receiving financial aid

**Recommendation 18:** The District should ensure its established procedures for disbursing grant monies meet applicable federal guidelines and follow these established procedures when disbursing grant monies to students.

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

Response explanation: The district will ensure established procedures meet applicable federal guidelines.

**Finding 9:** District incorrectly accounted for vending machine revenues, potentially affecting the accuracy of its financial reporting

**Recommendation 19:** The District should ensure it accurately accounts for its vending machine revenues consistent with USFR's Chart of Accounts, including depositing those to the Auxiliary Operations fund.

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 account for vending machine revenue consistent with USFR's Chart of Accounts.

**Recommendation 20:** The District should evaluate its existing Gifts and Donations fund balance to identify and reclassify all previously misclassified vending machine revenues consistent with USFR's Chart of Accounts.

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

Response explanation: The district is in the process of evaluating and reclassifying all previous vending machine revenue consistent with USFR's Chart of Accounts.

**Finding 10:** 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 21:** The District should review and reduce the number of users with administrator-level access to its network and critical systems to only those individuals with a business need for administrator-level access.

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

Response explanation: The district is in the process of implementing this recommendation.

**Recommendation 22:** The District should develop and implement a formal process to regularly perform, at least annually, detailed reviews of administrative and user accounts and assess their access level and need for network and critical systems access to ensure that access level was appropriate, and access was promptly disabled when it was no longer needed.

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

Response explanation: The district is in the process of implementing this recommendation.

**Recommendation 23:** The District should improve procedures to ensure that terminated employees have their network and accounting system access promptly removed to reduce the risk of unauthorized access.

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

Response explanation: The district is in the process of implementing this recommendation.

**Recommendation 24:** The District should limit employees' access in the accounting system to only those accounting system functions needed to complete 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 has implemented this recommendation.

**Recommendation 25:** The District should develop and implement formal processes to assign new employees appropriate access in the accounting system and to change employees' access if their assigned duties change to help ensure users have only the access necessary to complete 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 is in the process of implementing this recommendation.

**Recommendation 26:** The District should work with the County to limit the access of County accounting system user accounts to only those functions needed to support the District and ensure that no one person can initiate and complete a transaction without an independent review and approval. If County users require administrator-level access to perform their job duties, the District should implement compensating controls, such as reviewing activity logs, to limit the risk of unauthorized access, errors, and fraud.

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 27:** The District should implement and enforce strong authentication controls such as MFA and strong passwords, or compensating controls when MFA is not possible, that align with credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.



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

Response explanation: The district is in the process of implementing multi-factor authentication.

**Recommendation 28:** The District should develop and implement a formal process to review the District's authentication controls against industry standards at least annually.

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

Response explanation: The district is in the process of developing and implementing a formal process to review the District's authentication controls.

**Recommendation 29:** The District should establish and implement a District policy to conduct mandatory employee security awareness training, at least annually, including security awareness training for new staff when they start their District employment.

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

Response explanation: The district is in the process of establishing a District policy to conduct mandatory employee security awareness training.

**Recommendation 30:** The District should develop and implement an IT contingency plan that meets USFR requirements and credible industry standards, perform documented tests against the plan, at least annually, to identify and remedy any deficiencies, and update the plan based on the results of these tests.

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

Response explanation: The district is in the process of developing and implementing an IT contingency plan that meets USFR requirements and credible industry standards.