The September 2017 Arizona School Facilities Board performance audit and sunset review found that the Board should improve its school district facility renovation and repair project eligibility assessment, award, and oversight practices, and its information technology database management. The Board's status in implementing the recommendations is as follows:

Status of 39 recommendations

Implemented:	14
Implemented legislative recommendation:	1
Implemented in a different manner:	1
Partially implemented:	1
Partially implemented in a different manner:	7
No longer applicable:	6
Not implemented:	**9**

In September 2021, we issued a subsequent performance audit and sunset review of the Board (see Arizona Auditor General Report 21-112). As a result, we will follow up on any outstanding recommendations from the 2017 performance audit and sunset review during our follow-up work on the 2021 performance audit and sunset review. Additionally, effective September 29, 2021, Laws 2021, Ch. 404, transferred the Board's statutory responsibilities to a newly established Division of School Facilities (Division) and School Facilities Oversight Board (Oversight Board) within the Arizona Department of Administration (ADOA), resulting in the Board's termination (see Arizona Auditor General Report 21-112 for more information on the transfer of the Board's responsibilities to ADOA). The law transferred most of the Board's statutory responsibilities to the Division, including responsibilities for reviewing, awarding, and overseeing Building Renewal Grant (BRG) Fund grant applications, awards, and projects, and assigned the Oversight Board responsibility for reviewing the Division's policies and procedures for doing so. ADOA will be responsible for addressing any outstanding recommendations from our 2017 and 2021 performance audits and sunset reviews. We will conduct a 54-month followup with ADOA on the status of the recommendations from the 2017 performance audit and sunset review that have not yet been implemented.

Finding 1: Board should establish formal project assessment process to ensure only eligible projects receive monies

1.1 The Legislature should consider revising A.R.S. §15-2032 to more clearly specify the eligibility criteria school district buildings must meet to be eligible for BRG funding, such as whether the school district building is open or closed, used for student instruction or other purposes, and/or may be needed to meet current or future student capacity.

Implemented at 6 months

1.2 The Board should work with its Assistant Attorney General to revise its BRG Fund policy to more clearly specify project eligibility criteria for BRG funding based on statutory requirements. The revised policy should indicate how a school district's use or planned use of a building will affect its eligibility for receiving BRG Fund monies.

Partially implemented at 48 months—As of September 2021, the Board had revised its BRG Fund policy to include all statutory requirements except for the requirement that projects must be completed within 12 months unless

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similar projects on average take longer to complete. The Board did not provide any information about its plans to further revise its BRG Fund policy to include the statutory requirement that projects be completed within 12 months.

1.3 The Board should develop and implement policies and procedures establishing an eligibility assessment and award process to help ensure it approves only eligible projects. These policies and procedures should address the following:

a. Identifying the information that needs to be submitted with project applications to allow the Board to assess compliance with all statutory eligibility criteria;

Partially implemented in a different manner at 48 months—Although the Board has not developed written policies and procedures establishing an eligibility assessment and award process, it has implemented a project eligibility and award process using its new web-based grants management system, eCivis Subrecipient Manager (SRM). Specifically, the Board's electronic project applications within eCivis SRM include an eligibility checklist to guide school districts in developing and submitting project applications with all required eligibility information and documentation. Additionally, the Board has developed and implemented a project application review checklist to help Board staff conduct project eligibility reviews and consistently assess compliance with project eligibility criteria. Further, the Board has implemented a supervisory review process using eCivis SRM that is completed before providing project award recommendations to the Board. However, neither the project application eligibility checklist nor the project application review checklist includes the statutory requirement that projects must be completed within 12 months, unless similar projects on average take longer to complete. The Board did not provide any information about its plans to further revise these checklists to include this statutory requirement.

b. Including guidance to assist school districts in developing and submitting completed project applications with all required eligibility information and documentation;

Partially implemented in a different manner at 48 months—See explanation for Recommendation 1.3a.

c. Requiring board staff to ensure that all the necessary eligibility information and documentation has been submitted. The Board should consider developing a tool, such as a checklist, to facilitate this review;

Partially implemented in a different manner at 48 months—See explanation for Recommendation 1.3a.

d. Including guidance for reviewing and assessing compliance with eligibility criteria, such as the requirement for school districts to perform routine preventative maintenance and that proposed projects will address noncompliance with the minimum adequacy guidelines established by the Board;

Partially implemented in a different manner at 48 months—See explanation for Recommendation 1.3a.

e. Ensuring that all eligibility criteria is assessed and applied appropriately and consistently. The Board should consider developing tools, such as decision matrices or checklists, to help guide assessments;

Partially implemented in a different manner at 48 months—See explanation for Recommendation 1.3a.

f. Documenting eligibility assessments consistently and with sufficient detail to ensure transparency and allow for supervisory review;

Partially implemented in a different manner at 48 months—See explanation for Recommendation 1.3a.

g. Requiring a documented assessment of project eligibility before the Executive Director approves project awards as authorized by board policy, and documenting these assessments;

Implemented at 24 months

h. Conducting and documenting supervisory reviews of project eligibility assessments and recommendations before providing recommendations to the Board; and

Partially implemented in a different manner at 48 months—See explanation for Recommendation 1.3a.

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i. Specifying the eligibility and project information that should be provided to the Board for each project application along with board staff's recommendation to help ensure that the Board has all the information it needs to make consistent and appropriate project award decisions.

No longer applicable—As previously discussed (see page 1), pursuant to Laws 2021, Ch. 404, effective September 29, 2021, the Division is responsible for reviewing, awarding, and overseeing BRG Fund grant applications. As a result, the Oversight Board is not responsible for making project award decisions, and the recommendation to specify each project application's eligibility and project information that should be provided to the Board is no longer applicable.

1.4 Board should work with its Assistant Attorney General to determine if the Board has the statutory authorization to allow board staff to deny projects. If the Board determines that it has this authority and then authorizes its staff to notify school districts that their projects do not meet eligibility criteria prior to board review and either deny the proposed projects or request that school districts withdraw the proposed projects, it should develop and implement policies and procedures directing this process. These policies and procedures should require the following:

a. A documented basis for board staff's determination that a project is ineligible; and

Implemented at 48 months

b. School district notification protocols, including procedures for clearly explaining the reasons for ineligibility and documenting the notifications.

Implemented at 48 months

1.5 Once the Board has developed the recommended policies and procedures, it should train board staff to help ensure they are consistently followed.

Not implemented—As explained in Recommendation 1.3, the Board has not yet developed all the recommended policies and procedures. Therefore, this recommendation is not implemented.

1.6 The Board should work with its Assistant Attorney General to ensure that its policies and procedures are consistent with the Board's statutes.

Not implemented—See explanation for Recommendation 1.5.

Finding 2: Board should develop processes to help ensure approved projects are completed successfully

2.1 The Board should develop and implement written policies and procedures for assessing school districts' capabilities to ensure the completion of projects. These policies and procedures should:

a. Specify the information that school districts must submit to allow board staff to assess school districts' capabilities to effectively plan, manage, and oversee projects;

Not implemented—In our 24-month followup, we reported that the Board planned to make changes to its electronic BRG Fund project application that will require school districts to submit information about their capabilities to effectively plan, manage, and oversee projects. However, as of September 2021, the Board had not revised its electronic BRG Fund project application accordingly. Additionally, the Board had not developed policies and procedures to assess school districts' capabilities, guidance directing Board staff on how to assess school districts' capabilities to manage and oversee projects, or guidance that it will provide to school districts to help ensure that all school districts submit required personnel resource and scope-of-work information to the Board.

b. Include guidance directing board staff on how to assess school districts' capabilities to manage and oversee projects. This guidance should require board staff to consider factors such as the type of professional and technical management skills needed to accomplish the project, whether the school district already employs

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qualified personnel with these skills or needs to contract for professional and technical assistance, and the school district's ability to carry out the responsibilities of managing the project;

Not implemented— See explanation for Recommendation 2.1a.

c.   Specify the guidance that the Board will provide to school districts, such as through its application forms, to help ensure that all school districts submit required personnel resource and scope of work information to the Board; and

Not implemented— See explanation for Recommendation 2.1a.

d.   Specify the information that school districts must include in proposed scopes of work, including project time frames, to provide the Board with the information it needs to assess project scopes of work and hold school districts accountable for ensuring the appropriate and timely completion of projects.

Implemented at 48 months

2.2   The Board should develop and implement written policies and procedures for overseeing school district compliance with project award terms and conditions agreements. The policies and procedures should:

a.   Establish the oversight activities board staff should perform to ensure school district compliance with the project award terms and conditions including conducting site visits, periodically reviewing status reports, and reviewing change orders.

Not implemented—The Board has not developed policies and procedures that (1) establish oversight activities that Board staff should perform to ensure school district compliance with project award terms and conditions, such as conducting site visits and periodically reviewing status reports; (2) include guidance directing Board staff on how to carry out the oversight activities established by the Board; and (3) establish a supervisory review process.

b.   Include guidance directing board staff on how to carry out the oversight activities established by the Board, such as specifying the frequency of oversight activities, under what conditions they should be performed, and how to document the performance of those activities; and

Not implemented—See explanation for Recommendation 2.2a.

c.   Establish a supervisory review process, including using a checklist, to ensure that board staff are consistently and appropriately overseeing school district compliance with the project award terms and conditions.

Not implemented—See explanation for Recommendation 2.2a.

Finding 3: Board should improve its information technology database management

3.1   The Board should continue its efforts to address weaknesses related to poor network user account management and inadequate password controls.

Implemented at 24 months

3.2   The Board should align its IT policies and procedures with the Arizona Strategic Enterprise Technology Office's (ASET) standards and IT best practices by developing and implementing policies and procedures for:

a.   Limiting the number of consecutive invalid logon attempts before an account is locked;

No longer applicable—As previously discussed (see page 1), Laws 2021, Ch. 404, transferred the Board's statutory responsibilities to the Division and Oversight Board within ADOA, resulting in the Board's termination. Although the Division and Oversight Board are within ADOA, and AODA is required to follow ASET standards, the Division and Oversight Board are not required to develop IT policies and procedures separate from ADOA's. Therefore, the recommendation for the Board to develop and implement IT policies and procedures aligned with ASET standards is no longer applicable.

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b. Requiring a staff member's user accounts to be deleted when he/she leaves board employment;

Implemented at 24 months

c. Conducting periodic, comprehensive reviews of all existing employee access accounts to ensure that users' network and system access is needed and compatible with job responsibilities;

No longer applicable—See explanation for Recommendation 3.2a.

d. Requiring passwords to be at least eight characters long, complex, changed every 90 days, and to expire after a predetermined amount of time; and

Implemented at 24 months

e. Requiring that IT system activity logs and other agency information be periodically reviewed and analyzed for inappropriate use.

No longer applicable—See explanation for Recommendation 3.2a.

3.3 The Board should develop and implement a disaster recovery and contingency plan. The plan should address how the Board will recover its database and maintain essential mission and business functions if a disruption or failure occurred. Additionally, the plan should require board data to be backed up periodically using a board-defined cycle that is based on the criticality of its business processes. Further, the Board should periodically test and update its disaster recovery and contingency plan as needed and should validate the integrity of the backup data.

No longer applicable—See explanation for Recommendation 3.2a.

3.4 To help ensure all future IT systems are developed and maintained in line with IT standards and best practices, the Board should develop and implement a formal SDLC methodology. This methodology should outline the phases involved in an information system development project from the initiation phase through the system's sunset.

No longer applicable—See explanation for Recommendation 3.2a.

Sunset Factor 2: The extent to which the Board has met its statutory objective and purpose and the efficiency with which it has operated

1. Continue to take steps to determine how it will meet its statutory requirements to conduct school building inspections, develop and implement policies and procedures for conducting and documenting inspections of school districts, and train staff accordingly.

Not implemented—As discussed in our September 2021 performance audit and sunset review of the Board (see Arizona Auditor General Report 21-112), the Board has continually failed to inspect school district buildings as required by statute, but it began developing a school district self-inspection program during the audit to help meet some inspection requirements. We recommended that the Board develop and implement written policies and procedures and district guidance for its self-inspection program, and we will further assess the Board's progress in meeting its statutory requirement to inspect school buildings during our follow-up work on the September 2021 report.

2. Follow its policy for prioritizing BRG Fund requests according to statute and develop and implement a procedure for doing so.

Implemented at 24 months

3. Develop and implement policies and procedures for ensuring the accuracy and completeness of building inventory information in its database. The policies and procedures should require that the Board:

a. Send an annual notice to school districts reminding them of their statutory responsibility to submit updated facility information. Further, the Board should formalize in its policies and procedures its current practice of

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requiring school districts to submit updated facility information to the Board prior to receiving any BRG Fund monies; and

Implemented at 24 months

b. Reflect unapproved building changes in its database. For example, when the Board becomes aware that a school district has made an unapproved change to its buildings, the Board should reflect the change in its database to ensure that it accurately reflects the school district's facility inventory, but also indicate it as an unapproved change.

Implemented at 24 months

4. Modify its database to allow staff to accurately classify the status of individual buildings, such as whether school buildings are open or closed; and develop and implement a procedure to ensure that board staff accurately classify the status of individual school district buildings in the database.

Implemented in a different manner at 48 months—The Board no longer classifies school buildings in its database as open or closed but rather specifies the school building's total square footage and the amount of square footage that is used as classroom space.

5. Update its records retention schedule to include its current programs and records.

Implemented at 48 months

Sunset Factor 3: The extent to which the Board serves the entire State rather than specific interests

6. Develop and implement a process for helping to ensure school districts are aware of the services that the Board provides and monies that are available for facility construction, renovation, and repair projects. This process should specify the type and frequency of communications with school district officials and include developing and maintaining an updated list of responsible school district officials.

Implemented at 48 months

Sunset Factor 5: The extent to which the Board has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public

7. Ensure that board meeting minutes are available within 3 business days of each board meeting to comply with the State's open meeting law.

Implemented at 6 months

8. Notify its website users of potential inaccuracies in the school building inventory database information that is available on its website.

Implemented at 6 months

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