

Cochise Technology District

District did not comply with some State conflict-of-interest laws and USFR requirements, limiting transparency into its activities; did not comply with important internal control requirements, increasing risk of errors, fraud, and unauthorized purchases; and lacked key outcome data preventing it from demonstrating how the \$4.5 million it spent on CTE programs in fiscal year 2022 effectively prepared students for high-need occupations

Audit purpose

To determine if the District was meeting its statutory purpose to prepare students for high-need occupations, spending State monies appropriately, and following best practices.

Key findings

- 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, if necessary, it improperly paid in advance.
- District did not comply with important internal control requirements for cash-handling and credit cards and lacked separation of duties in some areas, increasing its risk of errors, fraud, and unauthorized purchases.
- District did not collect, validate, and use complete data to help assess whether its programs successfully prepared students for high-need occupations and led them to earn industry certifications. Absent this data, District could not demonstrate the \$4.5 million it spent on programs in fiscal year 2022 was effectively used.
- District's excessive access to sensitive computerized data and other IT deficiencies increased risk of unauthorized access to sensitive information, errors, fraud, and data loss.

Key recommendations

The District should:

- Strengthen existing policies and develop and implement written policies and procedures governing conflicts-of-interest to ensure it complies with State conflict-of-interest laws, and revise its lease agreements to no longer allow prepayments of expenditures unless they meet USFR and statutory requirements.
- Develop and implement written policies and procedures for cash collection, deposit, and review; separate responsibilities over credit cards among more than 1 employee; and require an independent review and approval of purchases prior to the purchases being made.
- Develop and implement consistent data collection protocols for all CTE programs to demonstrate compliance with statutory and ADE requirements and recommended practices and analyze all CTE program outcome data to evaluate the effectiveness of the CTE programs in preparing students for high-need occupations and to support the investment of any public monies.
- Limit users' access in the accounting system to only those accounting system functions needed to perform their job duties and develop and implement an IT contingency plan that meets USFR requirements and credible industry standards and perform documented tests against the plan to remedy any deficiencies.