



February 25, 2022

State of Arizona – Office of the Auditor General
Lindsey A. Perry, Auditor General
2910 N 44th Street, Suite 410
Phoenix, AZ 85018-7271

Dear Ms. Perry:

The Western Arizona Vocational Education District #50 (WAVE) has received and reviewed the Performance Audit Report. We have responded to the specific findings and recommendations.

As one of the first CTEDs to be selected for a Performance Audit, I hope our organizations can continue to work with the Office of the Auditor General to refine the process. I do want to thank the audit team for their collaboration and discussions during this process.

WAVE strives to provide high quality career preparation programs to our students. If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Amy L. West".

Amy L. West, Superintendent
WAVE CTED

Finding 1: District did not collect and analyze certain key student outcome data in fiscal year 2018 to help assess whether its CTE programs prepared students for high-need occupations

District Response: The District does not agree with the finding.

According to state statute, career and technical education districts are designed to fill a “high need vocational or industry need as determined by the career and technical division of the department of education.” The words vocation or industry are referenced throughout statute. It is important to note that statute also refers to preparing students for entry-level employment and career-readiness. Arizona statutes do not reference collecting specific job titles, nor should they.

References in state statute indicate the administration and the operations of the programs lies with the career and technical division of the department of education. We receive and implement guidance as issued by the ADE CTE division as it relates to the procedures for collecting and analyzing data creating consistency in collection and reporting. This is a dynamic and ever improving process. WAVE is committed to providing high quality programs to our students that are compliant with the measures set forth by the ADE CTE Division as well as the Carl Perkins federal funding data collection metrics.

As reported to the Auditor General prior to the release of this report, the district does collect and analyze data. The following methods are used in the analysis of programs: Federal programs performance measures, self assessments, compliance and quality monitoring by ADE CTE, industry certification results, technical skills assessment results, site visits, advisory recommendations, and college course success rates/enrollment/cost analysis.

Creating another set of criteria by which to analyze our districts/courses/programs creates more burden on not only WAVE but our member districts by adding additional data reporting requirements not supported by statute or federal guidelines and without specific evidence that this effort would result in a better product.

The October 2017 Auditor General report asked CTEDs, member districts and ADE to work together to develop and implement ways to better collect data. We have consistently and effectively worked with all parties to determine the best path forward. This included looking at a separate CTED data collection system that was determined to be duplicative, time consuming and burdensome to partner districts by asking them to report data twice in two separate systems and not being an effective use of tax payer funds. Instead, we agreed to work collaboratively with ADE CTE as they developed, enhanced and added components to the CTE Data Portal that will allow CTEDs to capture student data not already being input by our member districts. This is a long arduous process that takes time to implement but is being used for the 21-22 school year. Furthermore, ADE CTE has already created the Annual Achievement Profiles for CTEDs as requested in the Auditor General’s prior report.

Recommendation 1: The District should collect job and industry certification data, such as the job titles, for the specific jobs obtained by former students who completed a CTE program to assess whether the job is in a high-need occupation.

District Response: The District does not agree with the recommendation but will implement a modification to the recommendation.

The WAVE District will continue to collect data as prescribed and directed by the ADE CTE Division. ADE CTE has added a job title component to help delineate how the employment may be related; however, the District will not use job title to determine if the program was effective.

Our programs are on the ADE CTE approved list meeting the definition of high need and teach to a set of standards developed through industry partners that are designed to “prepare” and “lead to entry level employment.” This is assessed through our Technical Skills Assessment, industry certification data as well as other metrics. The district cannot control what job titles students choose to accept and can only prepare them to enter the vocation or industry that is related to that program. It is not in our purview to determine which job title meets the definition of high need as the program meets the definition and there are many extenuating circumstances associated with employment in various industries, locations and as related to student circumstances.

Recommendation 2: The District should analyze postgraduation job data and industry certification data it collects to evaluate the effectiveness of its CTE programs in preparing students for high-need occupations.

District Response: The District does not agree with the recommendation but will implement a modification to the recommendation.

The District will continue to utilize the data collected and available, as required by ADE CTE, through the CTE Data Portal. These measures will be used to evaluate strengths and areas of improvement through the ADE prescribed process and procedures.

Recommendation 3: The District should accurately report to ADE postgraduation employment and industry certification data for all its CTE students as required by ADE starting with the 2021-2022 school year.

District Response: The District agrees with the recommendation and will implement the recommendation.

This has always been the desired outcome for reporting of any placement or certification data. The District and member districts will utilize the ADE CTE provided resources and guidance on reporting information. ADE has taken many of the recommended actions from previous Auditor General reports to increase validity of data; however, some recommendations are not able to be implemented and there will always be some sort of disparity with self reported collection of information. All Perkins funding recipients are required to collect and report placement data. CTEDs will now be able to supplement this data with homeschool and online students not previously captured. Statute does not specifically indicate that CTEDs need to collect placement data but that we “prepare” students for employment. Our member districts already report this data and implement corrective plans if measures are not met. This will continue with more data now being input.

Finding 2: District did not determine if a more expensive central program resulted in better key student outcomes and therefore was efficient use of public monies

District Response: The District does not agree with the finding. WAVE did determine that the central program model was the most effective way to deliver better student outcomes, and continues to evaluate this question. ARS 15-393 (A) states the management and control of the career technical education district are vested in the career technical education district governing board while 15-393 (Q)3 indicated that “...program addresses a specific industry need and has been developed in cooperation with that industry.” A founding WAVE Governing Board Member indicated that the WAVE Central Campus “was a conscious investment based on input/interest from student surveys, member district administration and business/industry surveys.” He added this was “not a program anyone else in

the community (or within 60 miles) was offering.” With this input, the Governing Board determined they would follow the central campus model and developed a program that supported workforce development in the hospitality, culinary and tourism focused community of Lake Havasu City.

This Central Campus model allows us to bring together students from public, charter, online and homeschool programs at one location being more cost effective than replicating programs at multiple locations. Along with this, students would not have this opportunity for training if WAVE had not established the program nor would we be able to support our business/industry needs.

The report states that WAVE “did not analyze jobs students obtained and industry certifications they earned.” WAVE reviews the ADE CTE performance measures collected by each program on a yearly basis. Within these performance measures, are local and state levels of performance regarding various indicators, one being an indicator called placement. Our member district conducts the placement surveys. And, as stated earlier, we do not collect specific job titles because all of our programs are considered high need if they are on the approved programs list. If a student is in employment or post secondary education related to the high need program, this is considered a positive placement for the program regardless of the job title. Collecting job titles can be misleading as well. While job duties may be the same, job titles can fluctuate between employers and industries. And, high need job titles can fluctuate from month to month, year to year thus why we teach to a set of industry standards that prepare them for entry level employment in the vocation or industry rather than a specific job title making our instruction more effective, efficient and consistent. WAVE has consistently met the placement indicator on performance measures.

Along with this, WAVE has continually tracked job placement while students are enrolled in the program. Our students have held positions in the food, hospitality and tourism industry. Along with this, employers frequently contact our WAVE Central Campus staff to help find employees that are enrolled in our program.

Regarding the statement that we did not analyze industry certifications, WAVE has included our industry certification performance in our Classroom Site Fund plan each year starting in 2017-2018 with percentage passing goals. Along with this, the certification data has been tracked each year for other measures.

The intent of this program is not to compete with our college or member districts but to provide workforce development and training in Lake Havasu City. However, the same data is reviewed for our member districts.

Other metrics are used to determine the success of programs. Along with tracking placement after graduation and industry certification measures, the staff analyzes a variety of other measures to make sure we are offering a high quality program. These measure include:

- *Work Based Learning – Students participate in outside events every year that showcase their culinary skills and support community involvement. They also host/provide a full dining experience that allow them to practice front of house and back of house activities starting with menu planning, costing, preparation, service and clean up.
- *Leadership – Our students participate in the FCCLA career student organization.
- *Scholarships – Our students have earned \$255,000 in scholarships in the last 6 years!
- *Internships – Advanced students are placed with local related business to get industry experience.
- *Technical Skills Assessments – The results are monitored to determine any curriculum changes and passing percentages reviewed.
- *Dual/Concurrent Enrollment – Partnerships with our local community college provide advanced opportunities for our students.

*Advisory – We host two formal advisory meetings a year per ADE CTE guidance. Along with this, a WAVE staff member sits on the Lake Havasu Hospitality Association Board which supports continuous dialogue with the industry.

Recommendation 4: The District should collect and analyze key outcome data, like those recommended in Finding 1, to determine whether its higher spending on its Lake Havasu Culinary Arts central program produces more benefits or better outcomes than its other less expensive culinary arts programs, which would justify its higher spending.

District Response: The District does not agree with the recommendation but will implement a modification to the recommendation.

The District will continue to utilize the data collected and available, as required by ADE CTE, through the CTE Data Portal. These measures will be used to evaluate strengths and areas of improvement through the ADE prescribed process and procedures. The district will use other qualitative measures as well to evaluate its programs (ie: scholarship opportunities, work based learning, community service involvement, technical skills assessment results)

Recommendation 5: The District should, if it determines that its higher spending on its Lake Havasu Culinary Arts central program does not produce more benefits or better outcomes, identify and implement options to improve the efficiency of a culinary arts program in Lake Havasu. These options may include offering additional classes to increase its enrollment and take advantage of economies of scale or selling its Lake Havasu Culinary Arts building and partnering with Lake Havasu High School or MCC to offer a culinary arts program on 1 of their campuses.

District Response: The District does not agree with the recommendation but will implement a modification to the recommendation.

The WAVE district administration will continue to analyze costs of the program and search out new ideas for efficiency; however, at this time selling our building would result in the discontinuation of a successful program and is not an option. This program has been extensively examined and discussed and the costs of implementing this recommendation have been deemed unacceptable as it relates to student outcomes and educational effectiveness.

Finding 3: District accumulated \$7 million in unspent fund balance by end of fiscal year 2020—more than 2 years of operating reserves—but did not have policy regarding purpose or amount to maintain

District Response: The District agrees with the finding.

Because there is no statutory requirement regarding carryover funding or the creation a formal plan, WAVE had not done so; however, the WAVE Governing Board is made aware of the District's financial picture on a monthly basis and there is a general understanding of what the unspent balance is to be used for. Along with this, WAVE staff works collaboratively with the member districts to meet their requested needs. A portion of this fund balance is already earmarked for member districts.

It is understood by the Board and its members that CTEDs normally do not go out to bond for large capital projects and instead save funding to be used for future projects. It is fiscally responsible to save funding for projects rather than bond for expenses if possible. Future projects that have been discussed are a district office and new central campus programs. We currently lease space in a government office, but at some point we may need to use set aside funding for

our own space. We have also facilitated new programs but with the support of local entities, the cost has been less than expected. Both of these examples are fiscally responsible partnerships.

WAVE already has a plan in place which allows districts to apply for special projects funding above and beyond their normal allocation. Along with some of the items listed, the pandemic has created another level of uncertainty leading to a conservative approach. At the start of the pandemic, enrollment funding as well as any state/federal relief was uncertain as many schools were seeing decreases in enrollment. We wanted to be certain we could meet current obligations if funding decreased. Pandemic related issues still exist and districts are finding it hard to secure contractors for projects or receive products in a timely manner due to supply chain issues.

Recommendation 6: The District should follow best practices guidance by developing and implementing a formal policy for the level of fund balance that it will maintain and for what purpose it will maintain the balance.

District Response: The District agrees with the recommendation and will implement the recommendation.

WAVE staff, Governing Board and member districts will continue to work collaboratively in developing a plan for the fund balance.

Recommendation 7: The District should develop and implement a plan that its governing board approves for how it will spend any money it has in excess of its approved fund balance policy on its CTE programs at its central and satellite campuses.

District Response: The District agrees with the recommendation and will implement a modification to the recommendation.

WAVE staff, Governing Board and member districts will continue to work collaboratively in developing a plan for the fund balance.

Finding 4: District allowed accounting system users too much access increasing its risk that these users could commit errors or fraud without being detected

District Response: The District agrees with the finding.

All district accounting functions have processes and procedures that have been developed including internal controls for review and approval of all transactions in order to prevent errors and fraud. All district expenditure reports are presented to the Board on a monthly basis for review. The WAVE District has already begun discussions with the County. While no improper transactions have occurred within this audit nor have any been identified in our annual audits, the District will work on correcting this finding.

Recommendation 8: The District should work with the County to limit the access of accounting system users, including District and County employees, to only those functions needed to perform their job duties and ensure that no one person can initiate and complete a transaction without an independent review and approval.

District Response: The District agrees with the recommendation and will implement the recommendation.

The District will continue to work with the County to implement this recommendation in the best way possible. As a small district, some overlap of access may be necessary.