

The February 2022 Western Arizona Vocational Education District performance audit found that the District did not adequately assess whether it prepared students for high-need occupations and did so in an efficient manner; had no policy for its large fund balance; and allowed accounting system users too much access, increasing the risk of errors and fraud. We made 8 recommendations to the District, and its status in implementing the recommendations is as follows:

Status of 8 recommendations

Implemented	2
Implemented in a different manner	1
In process	3
No longer applicable	1
Not implemented	1

We will conduct a 30-month followup with the District on the status of the recommendations that have not yet been implemented.

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

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.

Implementation in process—The District collected placement and certification data as required by ADE, including determining whether placement survey respondents were placed in high-need occupations related to their CTE programs. We reviewed the District’s placement surveys for 51 District students who graduated from CTE programs in 2021 and found that although the District reported to ADE that 18 of the graduates were placed in a high-need occupation related to their CTE program, only 2 of these graduates’ placement surveys included information about their job titles or duties. While some of the placement surveys we reviewed included the name of the graduates’ employers, without information about graduates’ job titles or duties, the District cannot support its determination that these graduates have been placed in high-need occupations using CTE program skills.

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.

Implementation in process—According to District officials, the District analyzes several sources of data to evaluate the effectiveness of its CTE programs in preparing students for high-need occupations, including student test scores, industry certifications, post-graduation job placements, and statutorily required quality and compliance reviews from ADE. District officials reported they use the information from this analysis to identify trends that may need to be addressed, and once they identify these trends, the District determines where improvements can be made. For example, District officials indicated that the analysis may help the District to identify staff who need additional professional development or programs that need additional resources. During the 2022-2023 school year, the District hired a support services coordinator to assist in this effort. The coordinator held a series of 5 trainings for staff at its central and satellite locations to help teach staff how to analyze outcome

data and use the results to improve program outcomes. However, as discussed in recommendation 1, the placement data the District used for some of its analysis did not always include key pieces of information such as job titles or job duties, which are critical for evaluating whether the student's post-graduation job placement was in a high-need occupation related to their CTE program.

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.

Implementation in process—The District reported postgraduation employment and industry certification data to ADE for the 2021-2022 school year. Although we were able to review supporting documentation for the industry certifications the District tracked and reported, as discussed in Recommendation 1, the documentation it retained to support job placement data did not include key pieces of information such as job titles or job duties, which are critical for evaluating whether the student's placement was in a high-need occupation related to its CTE program.

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

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.

Implemented at 18 months—The District conducted an analysis of its Lake Havasu Culinary Arts program and determined that the higher per student spending for this program is justified by the program's outcomes. This analysis primarily focused on student skills assessment scores, industry certifications, and the Lake Havasu program students' participation in the Careers Through Culinary Arts Program, which allows Lake Havasu students to earn scholarships for future education. The District's analysis showed students who attended the Lake Havasu Culinary Arts program had higher pass rates on skills assessments and earned more industry certifications than students at the less expensive culinary arts programs. For example, we reviewed fiscal year 2023 data provided by the District for culinary students and found that 39 of 45 Lake Havasu culinary students tested, or 87 percent, passed ADE's technical skills assessment, while the member districts reported 18 of 37 (49 percent) and 6 of 21 (29 percent) students tested, respectively, passed the technical skills assessment. Additionally, our review of District-provided reports found that for fiscal year 2023, 82 percent of student concentrators in the Lake Havasu Culinary Arts program who graduated high school earned a recognized industry credential, while only 1 of the less expensive Culinary Arts programs had students who also earned industry credentials. The 1 member district reported that 15 percent of student concentrators in its culinary arts program who graduated high school earned a recognized industry credential.

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 Mohave Community College (MCC) to offer a culinary arts program on 1 of its campuses.

No longer applicable—As discussed in Recommendation 4, the District conducted an analysis and determined that its Lake Havasu Culinary Arts program produces more benefits and/or better outcomes compared to programs that spent less per student enrollment. Therefore, the District reported it does not intend to take further action to identify and implement options to improve the efficiency of its Lake Havasu Culinary Arts program.

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

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.

Implemented at 18 months—In November 2023, the Governing Board (Board) voted to approve a fund balance policy. The policy approved by the Board set the District's fund balance level at a minimum of 12 months of operating expenditures up to a maximum of \$12 million. According to the District's policy, its general fund balance will be maintained for the purpose of covering unanticipated expenditures, as well as to allow the District to accumulate money for large projects rather than issuing bonds to finance projects. The policy states that if the fund balance falls below the minimum level or goes above the maximum level, the Board and superintendent will review expenditures and work with member districts to develop a plan for how to proceed. According to the District's policy, the Board will review the fund balance at least annually to determine short- and long-term projects for both District and member district expenditures.

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.

Not implemented—As discussed in Recommendation 6, according to the fund balance policy adopted by the District's Board in November 2023, if the District's fund balance falls below the minimum level or goes above the maximum level set in the policy, the Board and superintendent will review expenditures and work with member districts to develop a plan for how to proceed. According to the District's *fiscal year 2023 Annual Financial Report*, its fund balance was approximately \$13.3 million, which is above the maximum amount in the approved policy. District officials reported the Board is aware that its accumulated fund balance exceeds the maximum amount specified in its fund balance policy. However, the District did not provide documentation to support that it had taken measures to reduce its general fund balance below the \$12 million maximum, inconsistent with its fund balance policy.

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

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.

Implemented in a different manner at 12 months—We reviewed the District's accounting system users as of February 2023 and found that the District had reduced the number of system users with too much access from 6 to 2. According to the District, to address the 2 remaining users, who are District employees, it has implemented additional County employee reviews and approvals prior to processing transactions as compensating controls. Our review of the District's user access levels for the accounting system found that District officials are unable to generate final payment for payroll or purchases and that County staff are responsible for this function.