



May 16, 2025

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

West-MEC
5405 North 99th Ave
Glendale, AZ 85305
623-738-0022

Ms. Perry,

For over 20 years, Western Maricopa Education Center (West-MEC) has made a significant impact on the community by equipping high school students and adults with hands-on career training that leads directly to employment opportunities or further education. By offering programs in high-demand fields like healthcare, aviation, IT, and construction, West-MEC helps build a skilled workforce that meets the needs of local and national industries.

West-MEC has received and reviewed the Performance Audit Report. As this audit process has taken over 2 years to complete, it has presented numerous challenges and required extensive coordination and documentation. Despite the difficulty and complexity of the process, we remained committed to full transparency and accountability. Throughout the audit, we diligently responded to the findings and addressed all recommendations with comprehensive data, ensuring compliance and demonstrating our dedication to continuous improvement and responsible stewardship of resources.

During the past academic year, West-MEC high school students earned over 7,000 industry-recognized credentials. Additionally, 93% of our students passed the Arizona Department of Education's Technical Skills Assessment, far surpassing the state average of 79%. These results demonstrate strong career readiness and have drawn national attention. As a result, West-MEC has welcomed numerous CTE districts across the United States and internationally for tours of our campuses and systems.

West-MEC serves as a powerful example of how local tax dollars can be strategically reinvested to strengthen and stimulate the regional economy. By cultivating a skilled workforce, West-MEC not only responds to current economic demands but also plays a proactive role in shaping the economic landscape, supporting the growth of existing businesses and enhancing the region's ability to attract new employers.

Regards,

Dr. Scott Spurgeon
West-MEC Superintendent

Finding 1: District improperly paid more than \$71,000 for accrued leave and made other payments contrary to its policies, and some policies were unclear, increasing the risk that employees could be treated inconsistently

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC administration agrees that the language in its current leave policy can be clearer. We are actively in the process of revising and updating the policy language to enhance clarity and reduce the risk of inconsistent, interpretation or application.

Recommendation 1: Identify and correct any overpayments made to employees from fiscal year 2021 to current for vacation leave that should have been forfeited according to the District's vacation-leave-payout policy.

District Response: The audit recommendation will be implemented in a different manner.

Response explanation: West-MEC will conduct a comprehensive review of all leave payments made to employees from fiscal year 2021 to present. Based on the findings, administration will determine the appropriate action to address any issues identified.

Recommendation 2: Ensure it consistently follows its vacation and sick leave policies by developing and implementing written procedures to ensure that all sick and vacation leave payouts are paid in accordance with District policy.

District Response: The audit recommendation will be implemented.

Response explanation: The administration is in the process of developing and implementing clear, written procedures to ensure that all sick and vacation leave payouts are processed in full compliance with District policy. These procedures will help ensure accuracy, consistency, and accountability moving forward.

Recommendation 3: Develop a thorough secondary payroll review process to ensure that requests and payouts for accumulated sick and vacation leave comply with District policies.

District Response: The audit recommendation will be implemented.

Response explanation: All sick and vacation payout calculations prepared by the Payroll Office are submitted to the HR Administrator for secondary review and final approval. Payroll provides all necessary supporting documentation to substantiate the payout amount. This documentation includes a copy of the Personnel Action Request (PAR), the employee's current salary as recorded in the payroll system, and a detailed leave balance report showing the actual remaining hours.

Recommendation 4: Work with the Governing Board (Board) to update District policies for vacation accruals and sick leave payouts to clearly identify the appropriate accrual and payout rates for all years of service and ensure the policies meet the Board's intent for compensating employees.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC administration will present updated policy language to the Governing Board related to vacation accruals and sick leave payouts. The goal is to clearly define the appropriate accrual and payout rates for all years of service and to ensure that the policies accurately reflect the Board's intent for employee compensation.

Finding 2: District did not follow some USFR requirements for cash handling, increasing the risk that cash collections may not be accurately recorded or could be lost or stolen

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC remains committed to ensuring that all funds are deposited in a timely and accurate manner. We will continue to provide targeted training and raise awareness among campus administrators regarding the requirements outlined in the Uniform System of Financial Records (USFR). The District will continue to perform regular reconciliations of deposits and related records. These procedures are designed to minimize the risk of errors, loss, or theft, and to ensure ongoing compliance with financial reporting standards.

Recommendation 5: Develop and implement written procedures to ensure compliance with USFR requirements and District policies related to cash handling, and train District employees with cash-handling responsibilities on these procedures.

District Response: The audit recommendation will be implemented.

Response explanation: To ensure compliance with USFR requirements and District policies, West-MEC will develop written cash-handling procedures. These procedures will include internal controls such as segregation of duties, timely deposits, and accurate documentation. The District will conduct mandatory training for all employees with cash-handling responsibilities to ensure they understand and follow the procedures.

Recommendation 6: Prepare and maintain evidence for all cash received, including by issuing sequential, prenumbered receipts, and reconcile deposits to cash-collection documentation to ensure all cash received was appropriately deposited.

District Response: The audit recommendation will be implemented.

Response explanation: The District understands the importance of following the USFR cash collection guidelines and will continue to train staff on the established procedures. West-MEC will continue to require two signatures, one from the instructor and one from business staff to verify the total cash being deposited. This dual verification process helps ensure the accuracy and integrity of all deposits. Additionally, a deposit log sheet has been implemented at each site and is securely stored in the campus safe. This log is completed for every deposit, further supporting accurate recordkeeping and reinforcing the District's internal controls. The District will also continue regular reconciliations of deposits and associated records. These procedures are designed to minimize the risk of errors, loss, or theft, and to ensure ongoing compliance with financial reporting standards.

Recommendation 7: Deposit timely all cash collected.

District Response: The audit recommendation will be implemented.

Response explanation: The District agrees with the recommendation and is committed to ensuring all cash collected is deposited in a timely manner, in accordance with USFR guidelines. Staff are trained to follow established procedures, which require deposits to be made at least weekly. To support compliance, deposit log sheets are maintained at each site and monitored by business staff. These logs help track the timing of deposits and ensure consistency with cash collection records. The District will continue to review deposit activity regularly to reinforce timely practices and maintain strong internal controls.

Recommendation 8: Ensure all discrepancies between system receipts and cash collected are identified and reviewed with documented resolution for all variances.

District Response: The audit recommendation will be implemented.

Response explanation: The District agrees with the recommendation and is confident that the implementation of its new Point-of-Sale (POS) system in the spring of 2023 will enhance its ability to accurately track and verify all campus receipts. The new system includes built-in controls to help identify and flag discrepancies between system receipts and cash collected. As part of the updated procedures, any identified variances will be reviewed, investigated, and resolved with clear documentation to ensure proper oversight. These improvements will support the integrity of the District's cash-handling processes and help ensure continued compliance with USFR standards.

Recommendation 9: Follow its process for maintaining and evaluating supporting documentation for all voided cash receipt transactions.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC's new Point-of-Sale (POS) system includes strengthened internal controls, such as a dual-signature requirement for all voided transactions, and supports the consistent maintenance and evaluation of supporting documentation. These measures will ensure that all voided cash receipt transactions are properly documented and reviewed in accordance with District policy.

Recommendation 10: Ensure all cash collections are appropriately secured, verified and tracked prior to deposit so that the District can ensure that all cash received is deposited.

District Response: The audit recommendation will be implemented.

Response explanation: The District acknowledges the importance of securing and verifying all cash collections to ensure proper accountability and transparency. To address this recommendation, the District will review and strengthen internal cash handling procedures across all sites. Staff involved in cash collection will receive updated training on cash control protocols, including immediate receipting, dual verification, secure storage, and timely deposits. Additionally, site audits will be conducted periodically to ensure compliance with the updated procedures.

Finding 3: District accumulated more than \$142 million in fund balances by end of fiscal year 2023 but did not have a policy regarding amount to be maintained or its intended purpose

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC recognizes the importance of maintaining a sound fiscal policy, including a clearly defined general fund balance policy, to support financial stability and ensure continued service delivery during times of economic uncertainty. We acknowledge the Government Finance Officers Association (GFOA) guidance and agree that establishing a formal general fund balance policy tailored to the District's specific operational risks and financial structure is a prudent and necessary step. While Arizona currently does not require school districts to adopt a minimum general fund balance policy, West-MEC acknowledges GFOA's recommendation to maintain an unrestricted general fund balance equivalent to at least two months of regular operating revenues or expenditures. As part of our commitment to financial transparency and responsible stewardship of public funds, West-MEC will initiate the development of a formal general fund balance policy. The development and implementation of this policy will involve collaboration with the Governing Board, District leadership, and other stakeholders to ensure alignment with West-MEC's long-term financial goals and strategic priorities.

Recommendation 11: Implement GFOA's best practices recommendations and develop and implement a formal fund balance policy for its general fund that considers the financial resources available in other restricted funds including bond proceeds; establishes minimum and maximum reserve amounts; and outlines the purposes for which the District will spend monies that are in excess of required reserves.

District Response: The audit recommendation will be implemented.

Response explanation: The District agrees with the importance of adopting a formal fund balance policy aligned with GFOA best practices. A comprehensive policy will be developed and adopted by the Governing Board, establishing clear parameters for minimum and maximum reserve levels, taking into account the availability of resources in other restricted funds, such as bond proceeds. The policy will also define the purposes for which excess reserves may be used, ensuring transparency, fiscal responsibility, and alignment with the District's long-term financial planning goals.

Finding 4: District provided substantially less money to its satellite CTE programs than other CTEDs in the State—limiting its support for satellite programs—and its member-district agreements do not specify the amount of funding it will provide, as required

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC acknowledges the statutory framework governing Career and Technical Education Districts (CTEDs), including funding based on average daily membership (ADM) and the requirement to support member districts through intergovernmental agreements (IGAs). We fully recognize our responsibility to provide an

appropriate level of support for approved satellite Career and Technical Education (CTE) programs in our member districts and to ensure transparency in these partnerships. In accordance with A.R.S. §15-393(L)(7), West-MEC will ensure that every IGA includes "the amount that the career technical education district will contribute to a course and the amount of support required by the school district, the charter school or the community college." In addition, West-MEC complies with A.R.S. §15-393(L)(11), which requires "an itemized listing of other goods and services that are provided to the member district and that are paid for by the retention of satellite campus student funding." West-MEC provides a comprehensive array of goods and services to support our member districts' CTE programs. These include, but are not limited to, professional development for CTE instructors, curriculum resources, industry certifications, software licensing, equipment, and technical assistance. These services are documented and reviewed annually with member district CTE directors at monthly local director meetings to ensure alignment with program needs and to promote efficient use of funds. Although state law does not establish a minimum pass-through amount, West-MEC remains committed to equitable, transparent, and strategic resource allocation through its IGAs. West-MEC will ensure all IGAs clearly define financial contributions in compliance with state law; Evaluate funding levels annually to confirm they support high-quality, state-approved CTE programs; Maintain consistent communication and collaboration with our member districts to support student outcomes and fiscal transparency. This approach reflects West-MEC's mission to prepare students for high-demand careers while ensuring responsible stewardship of public funds and adherence to legislative requirements.

Recommendation 12: Develop and implement a plan for funding to its member districts that considers its pass-through percentage; member districts' program enrollment and needs; policies established to govern its general fund balance; and other CTE requirements such as validating key outcome data.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC administration is committed to developing a comprehensive funding plan that incorporates its pass-through amount. In fiscal year 2025, West-MEC increased its financial distribution to member districts to 52.6% of the funds received for students enrolled in satellite CTE programs. This increase reflects West-MEC's continued commitment to equitable and strategic resource allocation in support of high-quality CTE instruction throughout its member districts.

Recommendation 13: Update its IGAs with member districts to include the amount that the CTED will contribute to a course and the amount of support required by the school district, as required by statute.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC acknowledges the statutory requirement to include in its Intergovernmental Agreements (IGAs) the specific amount the CTED will contribute to the member district. The West-MEC administration is currently in the process of reviewing and updating all IGAs to ensure compliance with A.R.S. §15-393(L)(7). Beginning in FY2026, West-MEC will incorporate language in each IGA to specify the financial contribution of the CTED toward support to be provided by the member district. This will promote transparency, mutual accountability, and alignment of responsibilities, ultimately supporting effective planning and implementation of high-quality CTE programs.

Recommendation 14: Develop and implement procedures to monitor payments to its member districts to ensure that the funding it provides meets the requirements of its IGAs and any member-district funding plan it develops.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC will develop a written policy to clearly outline the process used to monitor compliance with the requirements set forth in its Intergovernmental Agreements (IGAs) with member districts. This policy will ensure that funding provided to districts is used in accordance with the agreed-upon terms and supports the intended improvement of Career and Technical Education (CTE) satellite programs. Currently, West-MEC issues payments to its member districts twice per year. To ensure transparency and proper use of funds, member districts are required to submit capital plans to West-MEC's Curriculum and Instruction Department, outlining how the funds are being used to enhance their satellite CTE programs. In addition to capital funding, member districts also receive allocations to support Career and Technical Student Organizations (CTSOs) and the attainment of industry-recognized credentials for students. These funds are intended to expand student leadership opportunities and strengthen career readiness through recognized certifications.

Finding 5: District did not ensure monies it provided to elementary member districts were spent only for allowable purposes and misreported these monies in its *Annual Financial Report*

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC acknowledges the importance of accurate and transparent financial reporting, particularly with respect to statutorily restricted funds such as the Arizona Industry Credentials Incentive Program (Incentive Program) monies. We recognize that the inaccurate classification of \$299,800 in Incentive Program expenditures on the fiscal year 2023 Annual Financial Report (AFR) limited the clarity and transparency expected by the public and oversight bodies. This misreporting occurred during a period of staffing transition within the business office, which resulted in the AFR being completed by a staff member unfamiliar with the program-specific reporting requirements. While unintentional, we understand that this lapse impacted the accuracy of the AFR and take full responsibility for ensuring improvements moving forward. To address and prevent recurrence of this issue, West-MEC will ensure business office staff receive regular training on AFR preparation and statutory reporting requirements for restricted funds, including Incentive Program monies. West-MEC is committed to continuous improvement in its financial practices, and to upholding public trust through transparent, accurate reporting of all expenditures. We are confident that the measures being put in place will significantly reduce the likelihood of similar errors in the future.

Recommendation 15: Develop and implement procedures to thoroughly review proposed budgets from elementary school member districts; approve only the budgets that contain spending allowed by the funding source; and ensure elementary member districts comply with approved budget spending, including taking appropriate action for unapproved spending.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC will create clear procedures to review and approve budgets submitted by elementary school member districts to ensure that funds are used correctly. Each year, districts must submit a detailed line-item budget by October 1, showing how they plan to use their grant funds. Only items that support STEM education, hands-on learning, and career literacy for 8th grade students will be approved. West-MEC staff will carefully review each budget to make sure all spending follows the grant rules. If a budget includes unapproved items, it will be returned to the district for correction. The district must fix and resubmit the budget within 30 days. Once a budget is approved, West-MEC will send the funds within 60 days. Districts must spend the money as approved. At the end of the year, they must submit a report showing how the funds were spent and what was achieved. If any money was not used, they must explain why and how they plan to use it. West-MEC may check how the money was spent through audits or reviews. If a district uses funds on unapproved items, West-MEC can take action, such as: asking for the money to be returned; holding back future payments; requiring a plan to fix the problem. These steps will help ensure all funds are used properly and support the intended student programs.

Recommendation 16: Develop and provide additional guidance and training to elementary school member districts on relevant spending restrictions and preparing budgets such that the District can ensure spending is only for allowable purposes.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC will develop and offer clear guidance and training to help elementary school member districts understand how to properly use grant funds and prepare accurate budgets. The goal is to ensure all spending supports only allowable purposes, such as STEM education, hands-on learning, and career literacy for 8th grade students.

Recommendation 17: Accurately report spending of Arizona Industry Credentials Incentive Program monies on its AFR.

District Response: The audit recommendation will be implemented.

Response explanation: The misreporting occurred due to staffing turnover in the business office, which led to the AFR being completed by a staff member who was unfamiliar with the process. The district has implemented processes to reduce chances of these errors in the future. The district is committed to maintaining full transparency and accountability in its financial reporting and will continue to monitor and improve its processes to ensure compliance with all regulations.

Finding 6: Contrary to statute, District did not monitor member districts' spending and establish consistent reporting requirements to help identify supplanting and protect satellite program quality

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC fully acknowledges the statutory requirement that all monies provided to member districts be used to supplement and not supplant base year spending on Career and Technical Education (CTE) programs, as outlined in A.R.S. §15-393.

West-MEC is committed to upholding the integrity of this requirement and working with member districts to ensure compliance. To strengthen oversight and compliance moving forward, West-MEC will review base-year CTE spending data for each member district and compare it annually to current-year spending of non-CTED funds to identify any potential supplanting.

Recommendation 18: 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 and requiring all member districts to complete and submit supplanting worksheets and supporting documentation to the District annually.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC will work with its legal counsel to review and revise its Intergovernmental Agreements (IGAs) with all member districts to ensure they reflect current statutory requirements and reporting obligations. Specifically, the updated IGAs will replace references to USFR Memorandum 219 with a requirement that all member districts annually complete and submit the CTED supplanting worksheet. These updates will help ensure consistent compliance and accurate reporting of Career and Technical Education program expenditures across all member districts.

Recommendation 19: Develop and implement procedures to ensure all member districts complete and provide the required CTED supplanting worksheet and any supporting documentation to the District's Board, ADE, and the District annually by required deadlines; take appropriate action when member districts do not complete the required worksheet; thoroughly review submitted worksheets to identify supplanting; and take appropriate action when supplanting is identified.

District Response: The audit recommendation will be implemented.

Response explanation: In accordance with A.R.S. §15-393, all CTED member districts are required to complete and submit the Work Sheet for Determining the Appearance of Supplanting with CTED Monies to both the CTED's Governing Board and the Arizona Department of Education. West-MEC will issue a formal reminder memo to all member districts by October 1st each year. This memo will outline the statutory requirement and instruct districts to submit their completed supplanting worksheet and supporting documentation to West-MEC for presentation to the Governing Board. West-MEC will review each worksheet to assess for any indication of supplanting. If supplanting is identified, West-MEC will work with the member district to determine the root cause and develop a corrective action plan. This plan will outline steps to ensure future compliance and the proper use of CTED funds. Through this process, West-MEC ensures compliance with state law, reinforces financial accountability, and supports member districts in maintaining the integrity of their CTE programs.

Finding 7: District lacked processes to validate key outcome data used to assess program effectiveness, resulting in reporting errors and potentially inaccurate information about CTE programs' success

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC recognizes the importance of consistent, accurate, and comprehensive data collection to demonstrate compliance with statutory requirements, Arizona Department of Education (ADE) guidelines, and best practices. In alignment with this recommendation, West-MEC is committed to developing and implementing standardized data-collection protocols across all CTE programs, with a particular emphasis on tracking placement outcomes and credential attainment. West-MEC continually works to improve the tracking and reporting of key outcome information. Robust systems are now in place to monitor essential performance metrics and are regularly reviewed to ensure ongoing improvement. Our commitment to enhancing data collection, validation, and analysis is central to assessing program effectiveness and student success.

Recommendation 20: 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 audit recommendation will be implemented.

Response explanation: Detailed processes are already established for Central Programs to report student placement outcomes. This includes a multi-step process that combines direct communication methods such as phone calls, emails, and text messages with centralized verification through the National Student Clearinghouse and targeted follow-up by consultants. This layered approach ensures comprehensive and reliable data on student placements across a variety of post-secondary pathways. Similarly, credential attainment data for Central Programs is collected and verified using West-MEC's Certification Data Collection Protocol, which outlines procedures for gathering, confirming, and reporting student certification data. This protocol ensures students meet the required standards for industry-recognized certifications and that their accomplishments are accurately recorded and reported. To ensure consistent evaluation and support of satellite programs, West-MEC utilizes Total Quality Indicators (TQI) and ADE monitoring tools to conduct systematic reviews. These reviews focus on critical elements such as teacher certification, marketing strategies, course sequencing, and student performance metrics including graduation and placement rates. Moving forward, the TQI review process will be enhanced with a specific focus on student certifications earned and post-graduate placement. This enhancement includes the requirement for schools to explain their data collection and verification methods in detail. Additionally, feedback will be provided to CTE Directors, administrators, and counseling staff through narrative reports that share best practices and recommendations for improvement. To further promote consistency, West-MEC will share standardized data-collection protocols with CTE Directors on an annual basis and include them in program review documentation, and provide training and support to CTE program administrators and staff to ensure uniform understanding and application of the new protocols. These coordinated efforts reflect West-MEC's continued dedication to data integrity, transparency, and the use of data to inform program development and drive student success.

Finding 8: District's adult education program tuition and fees did not cover program expenses, resulting in a combined deficit of more than \$2.2 million between fiscal years 2019 and 2023

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC reviewed the expenses versus revenues received from various sources for the adult education programs and acknowledges the Auditor General's finding. It is important to clarify that the \$2.2 million cited is not a cumulative ongoing deficit but rather the total of annual shortfalls over the fiscal years 2019 through 2023. These deficits were influenced in part by the timing of revenue recognition and expenditure cycles. As of the end of fiscal year 2024, the adult education program has a positive ending balance of \$954,199, indicating that the program is currently operating within its means and has recovered from prior year shortfalls.

Recommendation 21: Routinely 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 regularly provide the Board with updated program tuition and fees information.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC acknowledges the importance of aligning tuition and fees with the actual cost of delivering adult education programs. The District will continue to conduct routine cost analyses for each adult education program to determine the full cost of instruction, facilities, materials, and administrative support. This information is used to inform tuition and fee structures. Updated tuition and fee information will be regularly presented to the Governing Board to support transparency and informed decision-making.

Recommendation 22: Conduct and document long-term forecasting to anticipate future costs of providing adult education programs to ensure its adult education program tuition and fees cover program expenses.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC recognizes the importance of long-term financial forecasting to ensure that adult education program tuition and fees adequately cover program expenses. The District will implement a long-term forecasting process. This process will involve projecting future costs for providing adult education programs, including anticipated changes in expenses such as staffing, facilities, and materials. The forecasts will be updated regularly and used to adjust tuition and fee structures, ensuring that they remain aligned with the long-term financial needs of the programs.

Recommendation 23: Charge fees or student tuition rates and/or obtain grants or donations that cover the costs of operating its adult education programs consistent with statutory requirements and Arizona Attorney General Opinion No. I82-136.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC acknowledges the importance of ensuring that tuition, fees, grants, and donations for adult education programs fully cover operational costs in compliance with statutory requirements and Arizona Attorney General Opinion No. I82-136. According to AG Opinion I82-136, school districts and joint technological education districts (JTEDs or CTEDs) offering adult education programs must not use K–12 education funds (i.e., tax-supported public school monies) to subsidize these programs.

The opinion clearly states that adult education programs should be self-supporting, meaning all operational costs must be funded through tuition, fees, grants, or donations. The District will continue to explore opportunities to secure grants and donations that support the long-term sustainability of its adult education offerings. All funding sources will be managed in accordance with legal requirements, with an emphasis on transparency and accountability.

Recommendation 24: Stop using ordinary school monies, such as Maintenance and Operations monies or other monies that may be used for maintenance and operation purposes, for adult education community schools program costs that are not allowable for that purpose.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC acknowledges the importance of ensuring that all funds are used in compliance with applicable laws and funding restrictions. Since a change in leadership in 2023, Maintenance and Operations (M&O) funds have not been used for adult education community school program costs that are not allowable for that purpose. The District has conducted a thorough review of its current funding practices to ensure alignment with statutory and regulatory requirements. Additionally, training has been provided to relevant staff on proper fund allocation and compliance with funding restrictions. To maintain accountability, regular internal audits will be conducted, and any discrepancies identified will be addressed promptly to ensure ongoing compliance.

Recommendation 25: Immediately work with ADE to submit necessary corrections to address the improper expenditure of ordinary school monies on adult education community schools programs in fiscal years 2022, and any subsequent years as necessary, to bring the respective funds back to the correct balances.

District Response: The audit recommendation will be implemented in a different manner.

Response explanation: West-MEC acknowledges the importance of promptly addressing the improper expenditure of ordinary school monies on adult education community school programs. The District is actively consulting with the Arizona Department of Education (ADE) and its auditors to explore appropriate options for resolution and determine the best course of action to ensure compliance and accountability. The District remains committed to resolving any discrepancies in collaboration with ADE and will take corrective actions as necessary once a mutually agreed-upon approach is established.

Finding 9: District did not comply with some conflict-of-interest requirements, increasing the risk that employees did not disclose substantial interests that might influence or could affect their official conduct.

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC is committed to strengthening our internal controls, increasing transparency, and ensuring alignment with statutory requirements, District policy, and recommended best practices.

Recommendation 26: Enforce its existing conflict-of-interest policies for employees by requiring employees to annually submit conflict-of-interest disclosure forms describing any substantial interests they or their relatives may have in any contract, sale, purchase, or service to the District or District decisions, or attesting that no conflicts exist, if applicable.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC will enforced its conflict-of-interest policy requiring *all employees* to complete and submit annual conflict-of-interest disclosure forms, whether or not they have a conflict to disclose. These forms will include an “affirmative no” section to document the absence of conflicts.

Recommendation 27: Store all substantial interest disclosures in a special file available for public inspection, including disclosure forms and Board meeting minutes where a disclosure is documented.

District Response: The audit recommendation will be implemented.

Response explanation: In fiscal year 2025 West-MEC created a dedicated file for all substantial interest disclosures, including employee and Board member disclosure forms and applicable Board meeting minutes. This file is available for public inspection as required by A.R.S.§38-509.

Recommendation 28: Update its conflict-of-interest policies and establish written procedures to include a documented process for remediating disclosed conflicts of interest.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC will update its conflict-of-interest policies and established a formal, written process for remediating disclosed conflicts. This will ensure that all disclosed interests are appropriately reviewed and managed, and that no individual participates in decisions where conflicts exist.

Recommendation 29: Update its conflict-of-interest form for employees to provide space for employees to disclose conflicts of interest or attest that no conflicts exist.

District Response: The audit recommendation will be implemented.

Response explanation: In fiscal year 2025, West-MEC has replaced its employee conflict-of-interest acknowledgement form with a revised disclosure form. The new form provides a space for employees to disclose any substantial interests or to affirmatively state that no conflict exists

Recommendation 30: Require and document attendance for periodic training on its conflict-of-interest requirements, processes, and disclosure forms to its Board members and employees that includes information about how the State’s and District’s conflict-of-interest requirements relate to their unique program, function, or responsibilities.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC conducted a conflict-of-interest training program for all employees and Board members at the beginning of fiscal year 2025. Attendance was documented and retained to demonstrate compliance. The training included an overview of applicable Arizona conflict-of-interest statutes, as well as West-MEC's internal policies and procedures. This initiative reflects the District's ongoing commitment to promoting ethical conduct, transparency, and maintaining public trust. West-MEC will require annual mandatory conflict-of-interest training for all employees. Each session will be documented to ensure ongoing compliance and reinforce awareness of ethical responsibilities and legal obligations.

Finding 10: District failed to timely pay credit cards, made purchases without prior approval, and improperly reimbursed travel expenses, resulting in wasted spending on late fees and an increased risk of errors, misuse, and fraud

District Response: The Auditor General's finding is agreed to.

Response explanation: West-MEC agrees with the finding and acknowledges the need for stronger internal controls related to credit card use and travel reimbursements. To further strengthen oversight, periodic internal audits of credit card and travel expenditures will be conducted. These actions aim to reduce the risk of errors, misuse, or waste and to reinforce accountability across all departments. It is important to note that while internal control weaknesses were identified, the Auditor General did not report or identify any instances of fraud to West-MEC's administration.

Recommendation 31: Develop and implement a process to ensure that credit card payments are made in a timely manner to avoid unnecessary late fees and finance charges.

District Response: The audit recommendation will be implemented.

Response explanation: The District acknowledges the importance of adhering to the Uniform System of Financial Records (USFR) and District policy, which require all credit card balances to be paid in full each billing cycle to avoid unnecessary late fees and ensure the proper use of public monies. The late fees incurred during fiscal year 2023 were a result of significant turnover within the Business Services department, which impacted continuity and timely processing. Since that time, the District has taken steps to correct this issue: A new Accounts Payable Specialist has been hired and follows the District's payment procedures, including USFR and internal expectations regarding timely credit card payments. This new Accounts Payable Specialist proactively contacted vendors and successfully obtained refunds for several of the late fees that were charged during fiscal year 2024. Invoices and credit card statements are now being reviewed on a frequent and consistent basis to ensure that payments are made on or before the due date. West-MEC remains committed to fiscal responsibility and ensuring that all public funds are expended appropriately and in full compliance with State regulations.

Recommendation 32: Develop and implement written policies and procedures to prevent employees who receive vehicle stipends from receiving additional mileage reimbursements.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC acknowledges the finding and agrees that improvements were needed to prevent duplicate payments for employee travel expenses. In fiscal year 2024, the District discontinued the practice of reimbursing mileage for employees through payroll. To further strengthen internal controls and ensure this does not recur, West-MEC will implement an annual verification process. Specifically, before processing any mileage reimbursement requests, the District will verify whether the employee receives a vehicle stipend. This verification will ensure that reimbursements are issued in compliance with District policy and prevent unnecessary or duplicate expenditures of public funds. These actions will prevent future duplicate payments, ensure accountability for the use of public funds, and reinforce the District's commitment to operational efficiency and compliance with established policies.

Recommendation 33: Develop and implement written procedures to ensure purchases are independently reviewed and approved prior to the purchases being made.

District Response: The audit recommendation will be implemented.

Response explanation: The District recognizes the importance of maintaining strong internal controls over the purchasing process. To ensure compliance and prevent unauthorized spending, West-MEC follows procedures aligned with the Uniform System of Financial Records (USFR), requiring all purchases to be independently reviewed and approved prior to execution. To further strengthen internal controls, the District will develop and implement formal written procedures specifically for employees with purchasing responsibilities. These procedures will be incorporated into staff training to ensure clear understanding and adherence to purchasing policies and regulations.

Recommendation 34: Develop and implement written procedures to ensure that all travel expenditures and reimbursements do not exceed ADOA-established maximum rates in accordance with District policy and the USFR.

District Response: The audit recommendation will be implemented in a different manner.

Response explanation: West-MEC allows employees to stay at the primary or overflow conference hotel for reasons of convenience, safety, and overall cost-efficiency. In many cases, additional costs related to transportation, parking, and time lost due to distance from the conference venue were considered when determining lodging arrangements. The example noted on page 38, where the District's superintendent spent six nights in San Antonio, Texas, while attending a conference in February 2023, is an instance where exceptions were made. The ADOA's maximum allowable rate for lodging in San Antonio at the time was \$124 per night plus taxes. However, the conference brochure listed 15 conference hotel options, with nightly rates ranging from \$169 to \$339 per night. The superintendent's stay at the higher-cost conference-approved hotel was an exemption due to the Superintendent being part of the AASA National Superintendent Certificate Cohort, which required all members to stay at the conference hotel as part of their cohort work. In the future the district will document exceptions, such as cost-benefit analyses showing that alternate arrangements would result in higher overall costs. West-MEC currently has a mandatory travel pre-approval form that includes: Estimated lodging rates with SAAM comparison. Documentation of conference hotel rates and rationale for lodging selection. Supervisor sign-off and Business Services review before travel arrangements are finalized. All staff involved in travel planning and approvals will receive training travel policies, SAAM lodging limits, and required documentation. The Business Services

department will perform annual travel audits to ensure compliance. These actions will help ensure that West-MEC remains a responsible steward of public funds while supporting safe and efficient travel for staff.

Recommendation 35: Determine whether staff and Board members are required to reimburse the District for overpayments of travel-related reimbursements and seek legal counsel, as necessary, in making these determinations. If, based on these determinations, the District identifies an amount that staff and Board members would be required to reimburse the District, recover all identified reimbursements.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC has conducted a comprehensive review of all travel related reimbursements issued to staff and Governing Board members. This review will include examining supporting documentation, travel policies, and reimbursement records to determine compliance with District policy and applicable state requirements. As a result of this review, the District did not identify any overpayments that would require reimbursement by staff or Board members. Therefore, no further action is necessary regarding recovery of funds. Should future discrepancies arise, West-MEC is committed to promptly investigating the matter and will seek legal counsel if needed to ensure compliance with all financial accountability standards.

Recommendation 36: Classify all expenditures in accordance with the Uniform Chart of Accounts for school districts.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC acknowledges the importance of accurate expenditure classification as required by Uniform System of Financial Records (USFR). Accurate financial reporting is critical for public transparency, internal decision-making, and compliance with state and federal regulations. All Business Services staff and any other employees involved in budget coding or accounting entries will complete USFR refresher training. This training will: Be conducted annually. Include both internal and external (ASBO/Heinfeld and Meech) training resources. Be documented and tracked through the District's professional development system.

Recommendation 37: Ensure employees responsible for classifying expenditures review the Uniform Chart of Accounts for school districts for changes at least annually and implement its guidance to accurately account for and report the District's spending throughout the year.

District Response: The audit recommendation will be implemented.

Response explanation: As part of the training mentioned in the response of recommendation 36 - the Uniform Chart of Accounts annually for updates will be reviewed. Any changes will be communicated to the appropriate personnel and incorporated into the District's financial practices to maintain accurate and compliant reporting throughout the year.

Finding 11: District's excessive access to its sensitive computerized data and other IT deficiencies increased risk of unauthorized access to sensitive information, interrupted operations, data loss, errors, and fraud

District Response: The Auditor General's finding is agreed to.

Response explanation: The District understands the importance of safeguarding sensitive information and recognizes that unregulated access, along with existing IT vulnerabilities, increases the risk of unauthorized access, operational disruptions, data loss, errors, and potential fraud. The District has implemented safeguards regarding access controls and security protocols. It is important to note the Auditor General did not report or identify any instances of fraud to West-MEC's administration.

Recommendation 38: Enforce MFA and its existing password policy to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.

District Response: The audit recommendation will be implemented.

Response explanation: The District agrees with the recommendation and will enforce multi-factor authentication (MFA) for all applicable systems and users. In addition, the District will ensure continued adherence to its existing password policy, including regular password updates and complexity requirements. These measures will reduce the risk of unauthorized access to sensitive information and help safeguard District operations against potential cybersecurity threats.

Recommendation 39: Develop and implement a formal process to regularly perform and document, at least annually, detailed reviews of network, accounting system, and student information system users' accounts that includes assessing the need for network and system access to ensure that access level is appropriate, and ensuring access is promptly disabled when it is no longer needed.

District Response: The audit recommendation will be implemented.

Response explanation: The District acknowledges the importance of maintaining appropriate user access and has procedures in place to manage this. Individuals outside the District, such as Maricopa County School Superintendent office and IT staff, may be granted access to the system for maintenance, updates, or training during system upgrades. The IT Department is notified of all new hires and resignations through the onboarding and offboarding processes, and access is granted or revoked accordingly. Requests for additional access are only approved with supervisory and HR authorization. The District reviewed current user access and will implement a formal process to perform and document detailed access reviews at least annually, ensuring access levels remain appropriate and are promptly updated as needed.

Recommendation 40: Limit employees' access in the accounting system to only those accounting system functions needed for their job duties, including transferring administrator-level access to an employee outside the business office.

District Response: The audit recommendation will be implemented.

Response explanation: The District agrees with the recommendation and is committed to ensuring that employee access to the accounting system is limited strictly to the functions necessary for their job duties. Administrator-level access will be restricted to appropriate personnel within the business office. The IT Department requires HR approval through the Help Desk Ticketing system before re-enabling any terminated user's account. Once re-enabled, the password is immediately reset to maintain security. All reactivated accounts are regularly reviewed to confirm continued need for access. VPN access, whether for staff or outside entities, must be requested through the Help Desk system and is subject to supervisor approval for staff and annual review for vendors and third parties.

Recommendation 41: Work with the County to review and limit the access of County accounting system user accounts to only those functions needed to support the District and ensure that no single user can initiate and complete a transaction without an independent review and approval. If County users' access cannot be limited due to the responsibilities they perform for the District, the District should implement compensating controls, such as a process for regularly reviewing County employee user activity logs and documenting these reviews, to limit risks of unauthorized access, errors, and fraud.

District Response: The audit recommendation will be implemented.

Response explanation: The County hosts the West-MEC accounting system and retains access to perform essential functions such as training, troubleshooting, and system updates. However, the District acknowledges the importance of internal controls and will follow up with the County account managers to request a review of current user roles and access levels. Additionally, the District will implement a process for regularly reviewing County user activity logs and will document these reviews to establish compensating controls. These measures will help mitigate risks associated with unauthorized access and errors. It is important to note that the Auditor General did not report or identify any instances of fraud to West-MEC's administration.

Recommendation 42: Develop and implement an IT contingency plan that meets USFR requirements and credible industry standards and test the plan at least annually to identify and remedy deficiencies and document the test results.

District Response: The audit recommendation will be implemented.

Response explanation: West-MEC's IT Department has been actively working to strengthen IT security and contingency planning efforts. While we currently maintain a foundational IT contingency plan including basic system recovery procedures and key contact information we recognize the need to align more closely with USFR requirements and industry best practices. The department has begun implementing incremental improvements, such as enhanced documentation of critical systems and more robust backup solutions. We are committed to further developing our contingency planning framework as part of a broader effort to improve IT governance and security across the organization.