

Western Maricopa Education Center

Performance Audit—Report 2 of 2

District spent approximately \$200,000 on a sponsorship agreement and for entertainment, food, membership dues, and other events that do not appear to align with its primary responsibility of providing CTE programs, including some spending that may have violated the State's gift clause

Audit purpose

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

Our Office has issued a series of 2 performance audit reports of the Western Maricopa Education Center (District). The first report, issued in May 2025, found that the District spent \$50.4 million for central and satellite career and technical education (CTE) programs in fiscal year 2023 but lacked processes to validate key outcome data to demonstrate its programs' effectiveness in preparing students for high-need occupations. It had also accumulated fund balances totaling \$142 million while limiting its support for satellite CTE programs, whose enrollments accounted for 96% of total District enrollment. The first report also found that the District had poor internal controls and numerous financial oversight issues, increasing its risk for errors and fraud. The first audit report included 11 findings and made 42 recommendations to the District.

This second and final report focuses on approximately \$200,000 of District spending we identified during the audit that was wasteful, not in accordance with Board directives, and/or may have violated the State Constitution's gift clause. Consistent with our standard practice when we identify potential gift clause violations, we are forwarding this report to the Arizona Attorney General's Office for further review.

Key findings

- ▶ District spent \$155,000 on Phoenix Raceway sponsorship, which has not yielded intended benefits for students, appears wasteful, and may have violated the State's gift clause.
- ▶ District spent more than \$27,000 on entertainment, food, and beverages, which may have violated the State's gift clause and was contrary to Board-authorized guidelines intended to prevent waste, abuse, and gifts of public monies.
- ▶ District wasted more than \$18,500 of public monies by paying more than necessary for membership dues and for staff to attend golf tournaments and an awards dinner, reducing monies available for other District priorities.

Key recommendations to the District

- ▶ In consultation with legal counsel, as necessary, determine whether its distribution of any Raceway event tickets and its spending for food, entertainment, and employee participation in other events resulted in a gift of public monies in violation of the Arizona Constitution's gift clause, and in what amounts if applicable
- ▶ Upon determining whether its distribution of Raceway event tickets and its spending for food, entertainment, and employee participation in other events resulted in a gift of public monies in violation of the Arizona Constitution's gift clause, report its determination and the rationale supporting its determination to the Arizona Attorney General's Office.
- ▶ Develop and implement procedures to evaluate the costs and benefits of any ongoing and/or future sponsorship agreements to ensure the benefits received are cost effective and align with the District's public purpose for the spending, and document the agreements' public purpose and benefits.
- ▶ Immediately stop providing food and beverages for purposes and in amounts that are not in compliance with Board-authorized resolutions and/or the State's gift clause.
- ▶ Develop and implement policies and procedures to ensure all food and beverage purchases meet Board-authorized purposes and are within Board-authorized amounts to prevent potential violations of the State's gift clause.
- ▶ Prior to renewing its WESTMARC membership, evaluate the costs and benefits of the membership levels available, including considering the lower-cost nonprofit/K-12 membership option, to ensure the membership is cost effective and aligns with the District's public purpose for the spending.
- ▶ To help prevent wasteful spending and ensure the District's use of public monies is allowable and appropriate, prior to paying for participation in any additional paid WESTMARC events, document each event's public purpose and the benefits the District expects to receive relative to the event's costs.