Arizona Auditor General
Making a Positive Difference

East Valley Institute of Technology

Initial Followup of Performance Audit Report 24-209

The June 2024 East Valley Institute of Technology (District) performance audit Report 2 of 2 found that the District had not developed and implemented comprehensive capital and strategic plans to ensure its spending for capital projects was efficient and did not negatively impact its career and technical education (CTE) programs, and that projects provided intended benefits. We made **6** recommendations to the District.

District's status in implementing 6 recommendations

Implementation status	Number of recommendations
Implemented	1 recommendation
In process	3 recommendations
Not implemented	**2 recommendations**

We will conduct a 24-month followup with the District on the status of the recommendations that have not yet been implemented.

Recommendations to the District

Finding 1: District has not developed and implemented comprehensive capital and strategic plans to ensure it spends efficiently on capital projects and that projects provide intended benefits

1. The District should develop and implement a formal multiyear capital plan for its central campuses that includes components such as capital needs, maintenance requirements, funding options, and operating budget impacts.

- Status: **Not implemented.**

The District has developed a strategic plan that includes basic information regarding the operation and maintenance of physical facilities. However, the District continues to lack a formal multiyear capital plan that includes key components such as the District's future capital needs, maintenance requirements, funding options, or operating budget impacts. Without the guidance of a formal multiyear capital plan, the District continues to increase the risk that it and/or its Board lacks critical information to effectively prioritize its capital spending decisions. District officials indicated that they expect to address these additional capital planning components after the District's main campus remodel is completed in calendar year 2026. We will assess the District's efforts to implement this recommendation at the 24-month followup.

2. The District should develop and implement a formal strategic planning process to ensure that issues such as CTE program needs, costs, benefits, time frames, resources, and potential fiscal impacts are addressed for new capital projects.

- Status: **Implementation in process.**

As discussed in recommendation 1, since the audit, the District has developed a strategic plan that includes information about operating and maintaining its facilities. However, the plan does not include details to ensure that the District fully addresses issues such as CTE program costs, benefits, time frames, resources, and potential fiscal impacts when planning for new capital projects. Without such guidance, the District continues to increase the risk that it and/or its Board lacks critical information while making spending decisions. District officials indicated that they plan to update the strategic plan to address additional components after the District's main campus remodel is completed in calendar year 2026. We will assess the District's efforts to implement this recommendation at the 24-month followup.

3. The District should develop and implement a formal strategic plan for operating HopeTech that includes information such as the District's goals for HopeTech, services to be offered, projections for ongoing operating and maintenance costs, how the facility will be funded, and how the District's funding choices may impact CTE programs.

- Status: **Implementation in process.**

  The District has developed a formal strategic plan for operating HopeTech that includes information such as the District's goals for HopeTech, services to be offered, projections for ongoing operating costs, and how the District plans to fund the facility's ongoing operations. However, the plan does not address how the facility will be funded if HopeTech's operating costs exceed its revenues. Without this information, the Board and the public lack information about the District's plans for addressing any shortfalls and the potential impact to CTE programs if the District determines that it must redirect monies to operate HopeTech.

  Although HopeTech's fiscal year 2025 revenues exceeded expenses, consistent with the District's projections in its strategic plan, the facility would have operated at a $47,000 loss if the District had not received a $150,000 donation to fund the facility. In total, HopeTech's revenues and expenditures for fiscal year 2025 were $261,532 and $158,643, respectively. The plan's revenue projections for fiscal years 2026 and 2027, which are based on HopeTech being fully occupied with 64 residents, also indicate that facility revenues will support expenditures. However, as of September 2025, only 28 residents lived at the facility. This lower occupancy rate will likely result in HopeTech's operating expenses exceeding revenues in 1 or both fiscal years unless the District receives additional donations or generates revenues from other sources.

  District officials said that they plan to update the projections in their strategic plan for HopeTech by the end of fiscal year 2026. We will assess the District's efforts to implement this recommendation at the 24-month followup.

4. The District should present the strategic plan for HopeTech to its Board.

- Status: **Implementation in process.**

  In February 2025, the District presented its current strategic plan for HopeTech's operations to its Board, and the Board approved the plan in a meeting open to the public. However, as discussed in recommendation 3, the District plans on updating its strategic plan for HopeTech, and it should present the updated plan to its Board after these updates are finalized. We will assess the District's efforts to implement this recommendation at the 24-month followup.

5. The District should determine the current costs and benefits of the charter school lease and operations on its campus and identify future goals to help guide decisions about the lease going forward.

- Status: **Implemented at 12 months.**

  Since the audit, the District calculated the current costs and financial benefits of the charter school lease and operations on its campus, and we did not identify any substantial costs or benefits the District's analysis had not considered. In fiscal year 2025, the District's only direct costs related to the charter school lease were for utilities, which we confirmed the charter school operator paid along with all rent payments due pursuant to the lease agreement. The District's calculations of the financial benefits it received from the lease included the additional funding it received from ADE for the approximately 40 charter school students enrolled in EVIT programs in fiscal year 2025, which we determined was reasonable based on the charter school's fiscal year 2025 enrollment. District officials stated that they plan to continue the charter school lease due to the additional revenues and students it generates for the District's CTE programs.

6. The District should present its analysis and goals for the charter school lease and operations to its Board.

- Status: **Not implemented.**

  According to District officials, the District has not presented its analysis and goals for the charter school lease and operations to its Board due to other District priorities. We will assess the District's efforts to implement this recommendation at the 24-month followup.