

Northern Arizona Vocational Institute of Technology

24-Month Followup of Performance Audit Report 23-204

The September 2023 Northern Arizona Vocational Institute of Technology performance audit found that the District spent nearly \$4.4 million on career and technical education (CTE) programs in fiscal year 2021 but lacked key outcome data showing these programs effectively prepared students for high-need occupations, and accumulated almost \$10 million in fund balances by the end of fiscal year 2021 but did not have a policy directing the amount to be maintained in its general fund or its intended purpose. We made **4** recommendations to the District.

District's status in implementing 4 recommendations

| Implementation status | Number of recommendations |
|--|---------------------------|
|  In process | 2 recommendations |
|  Not yet applicable | 1 recommendation |
|  Not implemented | 1 recommendation |

We will conduct a 36-month followup with the District on the status of the recommendations that have not yet been implemented.

Recommendations to the District

Finding 1: District's lack of key outcome data prevents it from demonstrating how the nearly \$4.4 million it spent on programs in fiscal year 2021 effectively prepared students for high-need occupations

1. The District should 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.

- ▶ Status: **Implementation in process.**

Although the District has taken some steps to enhance its data-collection and validation practices, it continued to lack consistent data-collection protocols for its CTE programs and had not developed processes to validate the data it collects. In fiscal year 2024, the District changed the way it collected post-graduation placement data by now requiring its member districts to collect post-graduation placement data for most central program students rather than using a survey to collect this information directly. Member districts continue to be responsible for collecting placement and certification-attainment data for satellite program students. However, as we reported in the prior initial followup, the District has not implemented a consistent method for collecting post-graduation placement and certification data for all CTE programs and indicated member districts were still responsible for determining their own data-collection methods.

In addition to lacking consistent data-collection protocols for its CTE programs, the District continued to lack a process to validate the data it collects. We reviewed all 199 fiscal year 2024 placements the District reported to ADE as being employed in a position using program skills and found 162 that appeared to be inaccurate or were unsupported. For example, we identified an Automotive Technology graduate the District reported as employed in a position using program skills when their survey response indicated they worked in food service. By relying on self-reported information and lacking a process to validate the placement data it collects, the District increases the risk that it reports inaccurate information to ADE and is unable to demonstrate that its programs are effective in meeting their statutory purpose of preparing students for high-need occupations.

Similarly, in fiscal year 2024, the District and its member districts collected data on industry certifications its students earned. However, as we reported in the prior initial followup, the District did not validate all the certification data it collected to ensure that it was accurate and complete. For example, we reviewed 30 of 1,272 certifications the District reported its students earned in fiscal year 2024 and found that the District lacked supporting documentation for 3 of 30 certifications we reviewed.

District officials reported that in July 2025, the District hired a support service coordinator who is responsible for reviewing, validating, and reporting the District's central and satellite post-graduation placement and certification-attainment data to ADE. The District further indicated that this employee is responsible for ensuring the District has supporting documentation for certification-attainment data it reports to ADE for fiscal year 2025. We will assess the District's efforts to implement this recommendation at the 36-month followup.

- 2.** The District should analyze all CTE program outcome data to evaluate the effectiveness of its CTE programs in preparing students for high-need occupations and to support the investment of any public monies.

- Status: **Not yet applicable.**

As explained in Recommendation 1, the District and its member districts have collected some data related to student certifications earned and post-graduation jobs obtained, but the District continued to lack a process for validating the data to ensure that it was accurate and complete. Accordingly, any analysis using the potentially incomplete and/or inaccurate outcome data may not accurately reflect a CTE program's effectiveness in preparing students for high-need occupations.

However, District officials outlined their plan for analyzing certification-attainment data to evaluate its CTE programs. Specifically, District officials reported the District plans to set certification-attainment goals for CTE programs, scrutinize programs producing fewer student certifications, consider discontinuing low-performing programs, and compare certification results across member districts to identify best practice programs or programs requiring improvement. At the time of our review, the District reported that it had begun implementing these plans and had ended or suspended at least 3 programs that had not produced any student certifications in recent years. However, absent a consistent process to collect and validate outcome data to better ensure its accuracy, the District's analysis may be inaccurate and/or incomplete. We will assess the District's efforts to implement this recommendation at the 36-month followup.

Finding 2: District accumulated almost \$10 million in fund balances by end of fiscal year 2021 but did not have policy regarding amount to be maintained in its general fund or its intended purpose

- 3.** The District should implement GFOA's best practices recommendations and develop and implement a formal fund balance policy for its general fund regarding the level and purpose of those monies, including considering the financial resources available in other funds when assessing the adequacy of the unrestricted fund balance in the general fund.

- Status: **Not implemented.**

As we reported in the prior initial followup, in March 2024 the District developed and adopted a formal fund balance policy for its general fund. However, the District has not revised or updated its policy since the previous followup, and the District's policy continues to lack key components recommended by the GFOA. Specifically, the

District's policy does not specify a time period for the District to decrease its fund balance to the level prescribed in its policy, address the time frame or means by which the general fund balance will be replenished if it falls below the prescribed policy level, nor include considerations for financial resources available in other funds, as recommended. We will assess the District's efforts to implement this recommendation at the 36-month followup.

4. The District should develop and implement a plan to spend on its CTE programs any unrestricted fund balance in its general fund that is greater than the level it has adopted in its formal fund balance policy, which may include spending to improve its key student outcomes.

► Status: **Implementation in process.**

Despite efforts the District has taken to reduce its fund balance in accordance with its formal fund balance policy, according to the District's most recent audited *Annual Financial Report*, the District's general fund balance increased to approximately \$11.2 million at the end of fiscal year 2024. Moreover, the District's fiscal year 2025 *Annual Financial Report*, which was unaudited at the time of our review, indicates the District's general fund balance further increased to approximately \$13 million at the end of fiscal year 2025. Thus, the District's fiscal year 2025 general fund balance was more than 9 times the maximum level specified in its fund balance policy of 20% of its annual operating costs, or approximately \$1.4 million for fiscal year 2025.

The District's formal fund balance policy indicates that any general fund balance in excess of 20% of the District's annual operating costs should be used to fund its special projects program. According to District officials, the District's special projects program is an informal program to fund projects that contribute to increasing CTE program quality and student outcomes through equipment or certification attainment and require a sizeable financial commitment. As of November 2025, the District had spent \$400,000 on new equipment for 1 central program, allocated \$500,000 in fiscal year 2026 for new equipment for 5 central programs, and continued to assess the potential purchase of property for a new District central campus. Additionally, District officials stated that the District now pays for all student certification testing fees for all CTE programs and for additional training for CTE instructors. However, as previously discussed, the District's fund balance has continued to increase well beyond the maximum level specified in its fund balance policy, and further efforts are needed to reduce its general fund balance below the maximum amount. We will assess the District's efforts to implement this recommendation at the 36-month followup.