

Performance Audit

Valley Academy for Career and Technology Education

District did not provide constant student supervision nor consistently control visitor access at its central campuses, potentially putting student safety at risk. It also did not ensure cash collections and certain payments were handled in accordance with USFR requirements and applicable State laws; consistently collect, validate, and accurately report outcome measures data; fund member districts in accordance with IGAs; and protect IT systems.



Arizona Auditor General's mission

The Arizona Auditor General's mission is to provide independent and impartial information, impactful recommendations, and stakeholder education to improve Arizona government for its citizens. To this end, the Office conducts financial statement audits and provides certain accounting services to the State and political subdivisions, investigates possible criminal violations involving public officials and public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

The Joint Legislative Audit Committee consists of 5 Senate members appointed by the Senate President and 5 House members appointed by the House Speaker. The Committee is responsible for overseeing the Office, including (1) overseeing all audit functions of the Legislature and State agencies, including sunset, performance, special, and financial audits; special research requests; and the preparation and introduction of legislation resulting from audit report findings; (2) requiring State agencies to comply with audit findings and recommendations; (3) receiving status reports regarding the progress of school districts to implement recommendations; and (4) scheduling hearings to review the status of State agencies and school districts.

Senator **Mark Finchem**, Co-chairman

Senator **Flavio Bravo**

Senator **Tim Dunn**

Senator **David C. Farnsworth**

Senator **Catherine Miranda**

Senator **Warren Petersen** (ex officio)

Representative **Matt Gress**, Chairman

Representative **Michael Carbone**

Representative **Michele Peña**

Representative **Stephanie Stahl-Hamilton**

Representative **Betty Villegas**

Representative **Steve Montenegro** (ex officio)

Audit staff

Scott Swagerty, Director

Alexa Tavasci, Deputy Director

Justin Haidet, Deputy Manager

Natalie Pflieger, Report Writer


Matt Curry, Team Leader

Elijah Darfus

Evan Davis

Bridget Walls

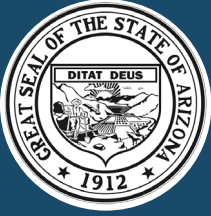
Contact information

 **(602) 553-0333**

 contact@azauditor.gov

 www.azauditor.gov

2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271



**ARIZONA
AUDITOR
GENERAL**

Lindsey A. Perry, Auditor General

June 25, 2026

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor

Governing Board
Valley Academy for Career and Technology Education

Bob Weir, Superintendent
Valley Academy for Career and Technology Education

Transmitted herewith is a report of the Auditor General, *A Performance Audit of Valley Academy for Career and Technology Education*, conducted pursuant to Arizona Revised Statutes §§41-1279.03 and 15-393.01. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

This school district performance audit assessed the District's efficiency and effectiveness in preparing students for high-need occupations and made recommendations to the District to maximize resources available for instruction or other District priorities. As outlined in its response, the District agrees all but 1 of the findings and plans to implement or implement in a different manner all of the recommendations. We also identified 1 additional finding pertaining to the District's school safety practices that we omitted from the public audit report due to its sensitive nature. We directly communicated this finding to the District's Governing Board and management. The District agreed with the confidential finding and agreed to implement all 8 confidential recommendations.

My Office will follow up with the District in 6 months to assess its progress in implementing the recommendations. I express my appreciation to Superintendent Weir and District staff for their cooperation and assistance throughout the audit. My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

Valley Academy for Career and Technology Education

Performance Audit

District did not provide constant student supervision nor consistently control visitor access at its central campuses, potentially putting student safety at risk. It also did not ensure cash collections and certain payments were handled in accordance with USFR requirements and applicable State laws; consistently collect, validate, and accurately report outcome measures data; fund member districts in accordance with IGAs; and protect IT systems.

Audit purpose

To determine whether the District met its statutory purpose to prepare students for high-need occupations, spent State monies appropriately, complied with its policies and State laws, and followed best practices.

Key findings

- ▶ District potentially put student safety at risk by failing to provide constant student supervision in accordance with State law and District policy, and by not consistently controlling campus visitor access and formally assessing campus security to help identify and address safety risks at its leased facilities.
- ▶ District did not resolve discrepancies between cash collected and receipted by its cosmetology program, and it lacked effective procedures to ensure that all cash collections and deposits were reconciled to supporting documentation or records.
- ▶ Supervisory review of extra-duty payments to salaried employees was insufficient to identify potentially duplicative hours and payroll calculation errors.
- ▶ District did not ensure central and satellite CTE program outcome data was consistently collected and validated, resulting in inaccuracies in the certification and postgraduation placement data it reported to ADE.
- ▶ District accumulated nearly \$3.1 million in fund balances by end of fiscal year 2025 but did not have a policy regarding the amount to be maintained or its intended purpose, and it underfunded its satellite CTE programs by providing less money than required under its member district IGAs.
- ▶ District did not ensure the Board approved all reimbursements paid to the superintendent prior to paying them, and it spent at least \$1,100 on food and beverages without Board approval, limiting public transparency and increasing the risk of improper transactions.

- ▶ District did not regularly review and limit user access to its accounting system and network, and its authentication controls did not meet USFR requirements and credible industry standards, increasing its risk of fraud and unauthorized access to sensitive District information. Additionally, the District's IT contingency plan lacked some key components, increasing its risk of interrupted operations and data loss.

Key recommendations to the District

- ▶ For its central campuses, develop and implement procedures to ensure students are constantly supervised and control visitor access, and complete formal safety assessments to identify, evaluate, and address potential campus safety concerns.
- ▶ Develop and implement written procedures for collecting, depositing, and reconciling cash collected through its cosmetology program to ensure compliance with USFR requirements and District policy, and provide training to District employees responsible for handling cosmetology program cash.
- ▶ Review extra-duty payments made in fiscal year 2025 to identify and correct any over- or underpayments and develop and implement a thorough supervisory payroll review process.
- ▶ Develop and implement consistent protocols for collecting, retaining, and verifying the accuracy of outcome measures data, such as industry certifications, that is reported for all CTE programs; and use outcome data collected to evaluate CTE programs' effectiveness and make needed changes.
- ▶ Develop and implement a formal fund balance policy for its general fund; and, with member district input, evaluate central and satellite CTE program needs and costs and determine the funding amount it will provide to member districts.
- ▶ In consultation with legal counsel, as necessary, determine whether to provide additional monies to member districts to ensure they are funded in accordance with prior years' IGA specifications, and based on this determination, take corrective action if appropriate.
- ▶ Obtain advance Board approval for all reimbursements the superintendent requests and ensure all food and beverage purchases associated with District events comply with State laws, the gift clause, and other requirements.
- ▶ Improve controls over IT systems and functions by immediately disabling or removing unnecessary accounts; periodically reviewing user accounts to ensure network and accounting system access, including administrator-level access, is appropriate; and ensuring authentication controls meet credible industry standards.
- ▶ Update its IT contingency plan to ensure it meets USFR requirements and credible industry standards, and perform annual contingency plan reviews and updates in accordance with District policy.

TABLE OF CONTENTS

DISTRICT OVERVIEW **1**

Audit results summary

FINDING 1 **4**

District provided insufficient student supervision, did not consistently control campus access, and has not assessed campus safety in accordance with recommended practices, increasing safety risks to students, staff, and facilities

- ▶ Contrary to State law and District policy, District staff did not provide constant student supervision, including in construction classes, increasing risks to student safety
- ▶ District did not consistently control campus visitor access to reduce the risk of unauthorized access and better protect students and staff
- ▶ District had not initiated formal security assessments for its campuses, which are recommended to help identify and address safety risks, and was unaware of how it could mitigate potential safety risks at its leased facilities

Recommendations to the District **6**

FINDING 2 **7**

District did not follow some USFR cash-handling requirements, increasing the risk that cash collections from its cosmetology program may not be accurately recorded or could be lost or stolen

- ▶ District lacked evidence that all cash collected by its cosmetology program was deposited as required and did not resolve discrepancies between cash receipted and collected
- ▶ District lacked effective procedures to ensure it collected, deposited, and reconciled all cash received

Recommendations to the District **8**

FINDING 3

9

District’s supervisory review of employees’ time sheets was insufficient, increasing the risk of unallowable or erroneous payments to District employees

Recommendations to the District

10

FINDING 4

11

District lacked processes to consistently collect and validate key student outcome data, resulting in reporting errors and potentially inaccurate information about programs’ success in preparing students for high-need occupations

- ▶ CTEDs were established to prepare students for high-need occupations that do not require college degrees, and they must collect and report key outcome data to demonstrate program effectiveness
- ▶ District did not ensure central and satellite CTE program outcome data was consistently collected and validated, resulting in inaccuracies in the certification and postgraduation placement data reported to ADE
- ▶ District reported it did not validate student job placement and industry certification data due to limited staffing and other priorities

Recommendations to the District

15

FINDING 5

16

District lacked a policy for its nearly \$3.1 million in fund balances and provided less money to its member districts than required, increasing risk that member districts’ CTE programs could potentially lack resources for program improvement

- ▶ Deficiency 1: District accumulated nearly \$3.1 million in fund balances by end of fiscal year 2025 but did not have a policy regarding amount to be maintained or its intended purpose
- ▶ Deficiency 2: District provided less money to its member districts than its member district agreements require and less than other State CTEDs provide to their member districts, which could potentially affect the quality of satellite CTE programs

Recommendations to the District

18

FINDING 6

19

District lacked evidence of required advance Board approval for expenditures totaling \$5,300, including food and beverage purchases, increasing the risk of improper transactions and potential violations of the State Constitution’s gift clause

- ▶ Deficiency 1: District did not ensure all reimbursements paid to the superintendent were approved by the Board prior to paying them
- ▶ Deficiency 2: District spent at least \$1,100 on food and beverages without Board approval, limiting public transparency and increasing the risk that the purchases could violate the State Constitution’s gift clause

Recommendations to the District

21

FINDING 7

22

District’s excessive access to sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to sensitive information, data loss, errors, and fraud

- ▶ District has not complied with some important IT security requirements and recommended practices
- ▶ Deficiency 1: District did not regularly review and limit user access to its accounting system and network, increasing its risk of fraud and unauthorized access to sensitive District information
- ▶ Deficiency 2: District’s authentication controls did not meet USFR requirements and credible industry standards, increasing the risk of unauthorized access and disruptions to District operations
- ▶ Deficiency 3: District’s IT contingency plan lacked some key components, increasing its risk of interrupted operations and data loss

Recommendations to the District

24

SUMMARY OF RECOMMENDATIONS

25

The Arizona Auditor General makes 25 recommendations to the District

APPENDIX A

a-1

District’s fiscal year 2025 spending

Objectives, scope, and methodology

- ▶ Efficiency and effectiveness
- ▶ Financial accounting data and internal controls

DISTRICT RESPONSE

TABLES

- ▶ **Table 1** **13**
District's postgraduation placement reporting did not accurately reflect whether students were likely using their CTE program training
- ▶ **Table 2** **a-1**
District spending for satellite programs by member district
Fiscal year 2025
- ▶ **Table 3** **a-2**
District spending for central programs by CTE program
Fiscal year 2025
- ▶ **Table 4** **a-4**
District spending for administration and support services
Fiscal year 2025

Valley Academy for Career and Technology Education—FY 2025

District information

The Valley Academy for Career and Technology Education (District) is a career and technical education district (CTED) located mainly within Yavapai County that offers career and technical education (CTE) courses to high school students living within its boundaries. For more information about CTEDs and how they operate, see the Auditor General’s November 2020 and October 2017 CTED special reports.¹

The District had 4 central campuses that operated 8 central programs with 370 enrollments and 14 satellite programs with 2,663 enrollments in fiscal year 2025.² See Appendix A, page a-1, for the District’s enrollment and spending information for central and satellite programs.

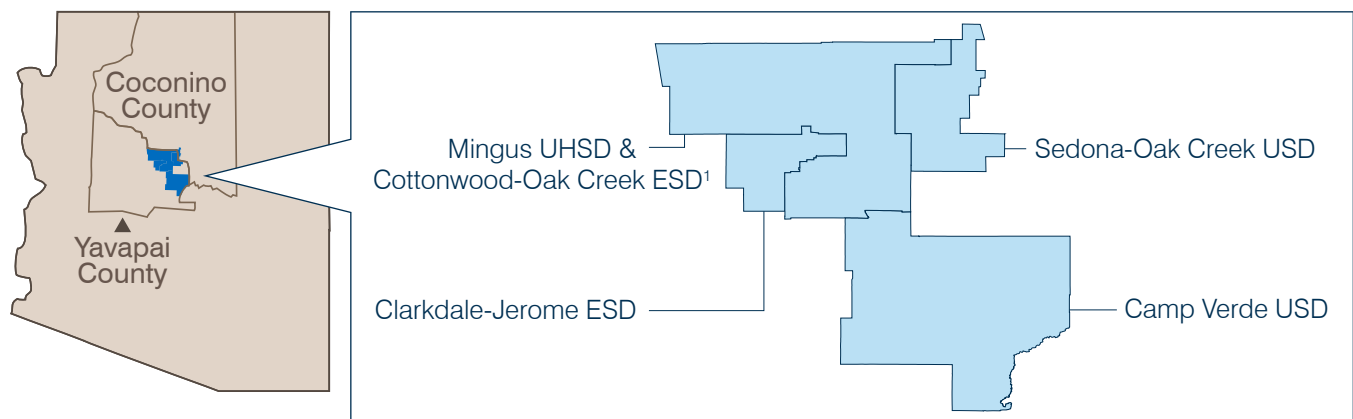
Key CTED terms

Member districts: Arizona public school districts that form or join a CTED.

Satellite programs: CTE programs that receive support and oversight from the CTED and are operated by a member district at a regular high school campus.

Central programs: CTE programs operated by a CTED at a central campus location for students from its member districts or living within its boundaries.

Location of CTED and member districts



¹ Mingus UHSD and Cottonwood-Oak Creek ESD have the same geographic boundaries.

Fiscal year 2025 total spending—\$2.2 million (\$734 per enrollment)



¹ See Arizona Auditor General reports 20-209 *Career and Technical Education Districts (CTEDs)* and 17-212 *Joint Technical Education Districts*.

² Enrollments may include a single student multiple times if that student was enrolled in multiple CTE courses during the year (e.g., Automotive Technologies and Welding Technologies).

Audit results summary

Central programs

District spent approximately \$890,000 on its central CTE programs, including high-need programs such as Construction Technologies

In fiscal year 2025, the District had 370 student enrollments in its 8 central CTE programs. These CTED programs included high-need programs such as Construction Technologies, Law and Public Safety, and Nursing Services (see Appendix A, pages a-1 through a-4, for more information about the District's spending by central campus CTE program). The District collected some data related to student outcomes, such as certifications and job placements its CTE program students earned but has yet to develop processes for fully validating and analyzing this data to evaluate its CTE programs' effectiveness (see Finding 4, page 11). Additionally, the District has built relationships with industry partners, including working with local fire departments to provide access to a comprehensive fire training facility for students enrolled in its Fire Science program.

Satellite programs

District distributed approximately \$700,000 to support satellite CTE programs in fiscal year 2025 but provided less funding to its member districts than required by its intergovernmental agreements (IGAs)

In fiscal year 2025, the District provided approximately \$700,000 to its member districts to operate satellite CTE programs. The member district satellite CTE programs we observed appeared to be well-equipped, and member districts' CTE directors noted that the District provided professional development opportunities to member district CTE teachers. However, the funding the District provided to its member districts was at least \$113,680 less than required by its IGAs due to not including all sources of funding generated by satellite program enrollment in its calculations (see Finding 5, page 16).

Administration and support services

District spent approximately \$640,000 on administration and support services efforts in fiscal year 2025, and District had numerous financial management and IT deficiencies, resulting in reduced transparency and increased risk of errors and fraud

In fiscal year 2025, the District spent more than \$330,000 on administrative salaries and benefits and approximately \$310,000 on student and instructional support services and spending for facility leases, maintenance, and insurance payments. In addition to the other findings noted in this overview, our review of the District's statutory and administrative responsibilities identified several issues.

Specifically, the District:

- ▶ Provided insufficient student supervision, did not consistently control campus access, and has not assessed campus safety in accordance with recommended practices, increasing safety risks to students, staff, and facilities (see Finding 1, page 4).
- ▶ Did not follow some *Uniform System of Financial Records for Arizona School Districts* (USFR) cash-handling requirements for its cosmetology program, increasing the risk that the cosmetology program's cash collections may not be accurately recorded or could be lost or stolen (see Finding 2, page 7).¹
- ▶ Lacked a process for thoroughly reviewing employees' time sheets, increasing the risk of unallowable or erroneous payments to District employees (see Finding 3, page 9).
- ▶ Lacked advance Board approval for expenditures totaling \$5,300, including for food and beverage purchases, increasing the risk of improper transactions and potential violations of the State Constitution's gift clause (see Finding 6, page 19).
- ▶ Allowed excessive access to its sensitive computerized data, did not enforce authentication controls in accordance with USFR requirements and credible industry standards, and lacked some key components in its IT contingency plan, increasing the risk of data loss, errors, and fraud (see Finding 7, page 22).

¹ The Arizona Auditor General and the Arizona Department of Education (ADE) developed the USFR pursuant to Arizona Revised Statute (A.R.S.) §15-271. The USFR and related guidance prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements.

District provided insufficient student supervision, did not consistently control campus access, and has not assessed campus safety in accordance with recommended practices, increasing safety risks to students, staff, and facilities

Contrary to State law and District policy, District staff did not provide constant student supervision, including in construction classes, increasing risks to student safety

State law and District policy require school staff to maintain adequate supervision of students in both instructional and noninstructional activities.¹ District policy further defines adequate supervision as keeping students within the supervisor's line-of-sight. However, we found that the District did not consistently provide this level of supervision for its students. For instance, in January 2026, we observed an administrative employee acting as a substitute teacher for a construction class while also attending to some of their regular job duties in an office removed from the classroom. Thus, the employee did not consistently provide line-of-sight supervision to students who were using power tools.

According to District officials, the District's rural location and the hours its CTE programs operate make it difficult to reliably secure substitute teachers, and the District often utilizes its own teachers and administrative staff as substitutes when needed. However, administrative employees may also have regular job duties to perform during the time they are supposed to be supervising students, which limits their ability to provide the required student supervision. During the audit, District officials indicated that they have begun working to secure contracted and/or part-time employees who may also be able to function as substitute teachers for its CTE programs and would not have other duties to attend to while supervising CTE classes. However, by not consistently providing constant student supervision, the District increased risks to student safety.

District did not consistently control campus visitor access to reduce the risk of unauthorized access and better protect students and staff

The District did not ensure it managed visitor access to its central campuses in accordance with District policy and recommended practices. According to District policy, the District should develop security plans and procedures to protect the safety of students, staff, visitors, and others present on District property or at school-sponsored events. To securely manage campus access, recommended practices advise directing all school visitors through a single entry so that school staff can determine the purpose of the visit and the destination, and require visitors to sign in prior

¹ Arizona Revised Statutes (A.R.S.) §15-341(16).

to gaining access.² This recommendation conforms to the USFR requirement to restrict access to school buildings to authorized personnel. However, the District lacked a centralized check-in process for visitors and had not taken steps to develop written procedures for visitor access. Instead, District staff indicated that the community and campus are both relatively small, and they relied on informally being able to recognize individuals who may not have a valid reason to be present on campus. By not implementing visitor access controls, such as a single entry and requirements for all visitors to sign in/sign out, the District increased the risk of unauthorized access to its facilities, which could impact student and staff safety and building security.

District had not initiated formal security assessments for its campuses, which are recommended to help identify and address safety risks, and was unaware of how it could mitigate potential safety risks at its leased facilities

The District had not coordinated or conducted any formal vulnerability or security assessment of its facilities to conform to recommended school safety practices, and we found officials were unaware of potential safety risks at its facilities and how these risks may be mitigated. District policy requires the District to develop and implement procedures to safeguard District property and secure each campus and District building. Recommended practices we reviewed encourage formal threat vulnerability assessments to evaluate critical infrastructure and identify safety and security improvements.³ Other recommended assessments include school security assessment tools that can be used to analyze campus security measures and identify where improvements can be made.⁴

District officials reported that they had an emergency responder complete an informal walk-through several years ago to assess facility safety and had made some improvements that did not require significant structural changes, such as adding security cameras to improve visibility of parking lots and doors. District officials indicated that because the District currently leases all its central campus facilities, the District's ability to implement structural changes may be limited depending on whether its lease agreements and/or landlords would allow for renovations. Additionally, District officials reported that the District plans to build a new central campus in the future and prioritized saving monies for future construction over investing in safety infrastructure at its current facilities.

However, our observations at the District identified some relatively inexpensive and/or short-term security measures, such as installing signage or temporary external barriers, that could reduce security risks and improve safety for students and staff. For instance, while on site, we did not observe any signage or indications to the public to check in with the main office before going to other parts of the campus. A formal vulnerability and/or security assessment would likely identify these and other measures the District could take at its leased facilities to mitigate potential threats to students and staff and improve safety. After we brought this issue to the District's attention, District officials reported they are planning to implement certain improvements, such as visitor check-in and check-out logs, to address the concerns we identified.

² U.S. Department of Homeland Security. (2012). *Buildings and infrastructure protection series: Primer to design safe school projects in case of terrorist attacks and school shootings*. Retrieved 3/25/2026 from https://www.dhs.gov/xlibrary/assets/st/bips07_428_schools.pdf

³ Arizona Counter Terrorism Information Center. (2026). *Threat Vulnerability Assessment Program*. Retrieved 4/13/2026 from <https://www.azactic.gov/threat-vulnerability-assessment-program>

⁴ Cybersecurity and Infrastructure Security Agency. (2026). *School Security Assessment Tool*. Retrieved 4/13/2026 from <https://www.cisa.gov/school-security-assessment-tool>; U.S. DHS, 2012.

Recommendations to the District

1. Develop and implement procedures to ensure central students are constantly supervised, including by substitute teachers.
2. Develop and implement procedures to control visitor access to the District's campuses, such as by directing visitors to a single entrance and requiring them to sign in/sign out.
3. Complete formal safety assessment(s), such as a threat vulnerability assessment and/or school safety assessment, to identify potential safety concerns with the District's infrastructure and processes and document the assessment results.
4. Using the results of its safety assessment, determine which safety measures the District will implement, taking into consideration the impact to student and staff safety, cost, and feasibility, and implement the identified measures.

District response: As outlined in its [response](#), the District agrees with the finding and will implement the recommendations.

District did not follow some USFR cash-handling requirements, increasing the risk that cash collections from its cosmetology program may not be accurately recorded or could be lost or stolen

District lacked evidence that all cash collected by its cosmetology program was deposited as required and did not resolve discrepancies between cash receipted and collected

We judgmentally selected and reviewed cash collected by the District's cosmetology program in January and February 2025 totaling approximately \$1,500 and found that the District failed to follow certain cash-handling requirements set forth by the USFR and District policy, which resulted in an increased risk of errors, loss, or theft.¹

Specifically:

- ▶ **District did not always maintain evidence of deposit for all cash received, limiting its ability to reconcile that all cash received was deposited**

We reviewed 53 cash receipts and identified that 5 cash receipts totaling \$81 lacked evidence of deposit, meaning the receipts could not be reconciled back to a deposit slip or amount shown on a bank statement. Although the District indicated it reconciled the deposit documentation to its bank accounts, it did not identify these discrepancies in its review. Further, after we brought this to the District's attention, District officials were unable to account for the missing cash we identified.

- ▶ **District did not review and resolve discrepancies between cash receipted and collected, including ensuring voided and waived transactions were appropriate**

We identified 5 discrepancies between cash receipted and cash collected totaling \$176 involving voided and waived fees within the District's cosmetology program with no evidence of review or resolution. The District's process did not require that staff maintain support for why a transaction was voided or a fee was waived to ensure all voids/waivers were authorized and appropriate. Further, we identified that 1 of 6 February 2025 cosmetology cash deposits was for \$35 more than the District's records indicate was collected. However, the District lacked any evidence that it had identified or resolved this discrepancy because the District lacked a process for reconciling cash collections to salon appointments or other evidence of receipt prior to deposit.

¹ The term "cash" used throughout this report includes coins and dollars, checks, and any other physical form of payment, such as money orders.

District lacked effective procedures to ensure it collected, deposited, and reconciled all cash received

Although the District's policy for cash-handling mostly aligned with USFR requirements, the District's failure to establish and maintain effective procedures over its cosmetology program cash collections increased its risk that cash collected may not be accurately recorded or could be lost or stolen. The discrepancies we identified in our review would likely have been addressed by establishing procedures for retaining supporting documentation of all cash received and a thorough review and reconciliation process to ensure that all cash received was deposited, as required by the USFR. Further, the District's lack of a thorough, documented review process to ensure voided and waived transactions were authorized and appropriate increases the risk of theft because voided transactions can be used to conceal missing monies.² During the audit, District officials reported that the District had changed its practices related to receipting cash collections and that as of May 2026, it was in the process of implementing improved cash-handling procedures and is considering discontinuing acceptance of cash payments for its cosmetology program.

Recommendations to the District

5. Develop and implement written procedures to ensure compliance with USFR requirements and District policy related to cosmetology program cash collections, including its reconciliation process.
6. Develop and implement formal cash-handling training for District employees with cash-handling responsibilities in the cosmetology program to ensure compliance with USFR cash-handling requirements and District policy.
7. Ensure all discrepancies between system receipts and cash collected are identified and reviewed with documented resolution for all variances, including voided transactions and waived fees.

District response: As outlined in its [response](#), the District agrees with the finding and will implement the recommendations.

² For example, see Arizona Auditor General reports 15-406 *Tolleson Union High School District—Theft and Misuse of Public Monies* and Kyrene School District No. 28—*Theft and Misuse of Public Monies*.

District's supervisory review of employees' time sheets was insufficient, increasing the risk of unallowable or erroneous payments to District employees

We reviewed all handwritten time sheets associated with 38 extra-duty payments the District made to salaried employees in fiscal year 2025 and found errors that were not identified by a supervisor prior to the District making the payments.¹

The errors we identified included:

▶ **Two employees' time sheets recorded apparently duplicative hours**

We identified 2 employees whose time sheets appeared to include duplicative hours, resulting in potential overpayments totaling approximately \$1,160. When we brought this issue to the District's attention during the audit, officials located additional supporting documentation for the payments and found that the time sheets contained erroneous dates for when these 2 employees performed the associated work. Based on its review of the additional supporting documentation, the District determined that the payments were appropriate. However, the superintendent, who is responsible for reviewing all extra-duty payments and associated time sheets, did not identify and resolve the discrepancies prior to approving the time sheets for payment, and likely would not have performed any additional reviews of these payments except in response to our request. By not completing a more thorough review of employee time sheets prior to approving them for payment, the District risked making unallowable payments for duplicative hours.

▶ **Two employees' time sheets included calculation errors that resulted in underpayments**

We identified calculation errors on 2 employees' time sheets resulting in estimated underpayments totaling \$125. For example, 1 employee recorded working 20 hours during a pay period but erroneously tallied the total hours worked as 18 on their time sheet. Another employee recorded 14 hours on their time sheet but was paid for working only 13 hours due to a similar mistake. According to District officials, the employees' supervisor did not review the calculations prior to approving the time sheets.

The District's failure to detect and resolve time sheet discrepancies indicates that its review process was likely insufficient and may not have complied with the USFR, which requires districts to adopt internal controls adequate to ensure personnel and payroll data is accurate and adequately supported to minimize errors and prevent fraud. Based on our review, the supervisory review of employees' time sheets often appeared cursory. For example, in addition to errors

¹ The District used paper time sheets to pay salaried employees for extra-duty hours in fiscal year 2025 but used a digital timeclock system to pay its hourly employees. Although the District used a digital time-tracking software to manage hours worked by its hourly employees, District officials indicated that they did not use that system for salaried employees because they believed that paper forms would be easier to fill out due to the infrequency of extra-duty payments.

previously discussed, we identified 7 instances where time sheets were approved in advance of when the hours were reportedly worked. Additionally, we identified 10 instances where employees were paid for hours that were not worked within the pay period specified on their time sheets.

According to District officials, at the time of our review the District lacked a thorough and consistent time sheet review process. However, after being made aware of the issues, District officials reported that the District updated its time sheet review process to ensure hours are calculated properly so that errors can be identified and addressed prior to any payments being made.

Recommendations to the District

8. Review extra-duty payments made in fiscal year 2025 to identify and correct any over- or underpayments. For any over- or underpayments identified, determine and document what action(s) will be taken to correct them.
9. Develop and implement a thorough supervisory payroll review process to ensure that payments made to salaried employees for extra-duty hourly pay are supported by properly reviewed and approved time sheets.

District response: As outlined in its [response](#), the District agrees with the finding and will implement the recommendations.

District lacked processes to consistently collect and validate key student outcome data, resulting in reporting errors and potentially inaccurate information about programs' success in preparing students for high-need occupations

CTEDs were established to prepare students for high-need occupations that do not require college degrees, and they must collect and report key outcome data to demonstrate program effectiveness

Arizona CTEDs were established to provide high school CTE programs that, according to State laws, should prepare students for high-need occupations (see textbox) that normally do not require a baccalaureate or advanced degree, lead to a certification or licensure if available, and provide students with sufficient skills for entry into an occupation.^{1,2} Additionally, State law requires CTEDs to contractually agree to provide ongoing evaluation and support of their member districts' satellite campus programs to ensure quality and compliance.³

Key term

High-need occupations: Occupations that the Arizona Office of Economic Opportunity and the Arizona Department of Education (ADE) have identified as being high-skill, high-wage, or in-demand occupations within the State.

To assess CTE programs' effectiveness, federal and State programs have established accountability measures related to key outcomes for students who complete CTE programs. Two outcome measures that are common across federal and State accountability measures and that impact federal Perkins Act funding are CTE program completers' postgraduation employment and industry certifications earned.⁴ While these 2 measures are not the only measures related to CTE programs' success, they provide important information about whether students who completed a CTE program acquired a job in their CTE field of study and learned the skills necessary to earn an industry certification. CTEDs may also choose to collect other program outcome data they consider important measures of CTE programs' success, such as student and parent satisfaction surveys or students' involvement in competitions or professional associations.

¹ A.R.S. §§15-781, 15-391.

² Laws 2016, Ch. 4, §§4, 8, enacted A.R.S. §15-393.01 and included legislative intent language that stated that CTEDs "are an important component of a well-rounded education system by providing access to Career and Technical Education programs that offer training to students to equip them with the tools needed to enter the workforce after high school in jobs that demand highly skilled employees. Restoring funding to CTEDs and implementing accountability measures to the programs was an important priority of members of the Arizona House of Representatives."

³ A.R.S. §15-393(L)(10)(b).

⁴ The Perkins Act requires each state receiving Perkins Act funding to report certain outcome measures, such as positive student placements, meaning that students are employed, attending postsecondary school, or serving in the military or on a religious mission. Beginning in fiscal year 2020, states were also required to report industry certifications earned by students. The District's member districts receive federal Perkins funding, but the District's central programs do not apply for and receive federal Perkins funding.

Regardless of the outcome data a CTED chooses to collect, State and federal requirements and recommended practices emphasize the importance of valid and complete outcome data to ensure the data accurately reflects CTE program outcomes. For instance, ADE directs Arizona CTEDs to validate postgraduation placement and industry certification data prior to reporting it to ADE. Diligent and robust data collection and validation processes provide CTEDs and their member districts with information necessary to identify high-performing or underperforming CTE programs, which can help ensure CTED monies and other resources are most effectively allocated.

District did not ensure central and satellite CTE program outcome data was consistently collected and validated, resulting in inaccuracies in the certification and postgraduation placement data reported to ADE

In fiscal year 2025, the District spent \$2.2 million on its central and satellite CTE programs but lacked complete and accurate student certification and postgraduation placement data to support that its programs effectively prepared students for high-need occupations.

Specifically:

- ▶ **District did not consistently collect and retain industry certification information to support student outcomes for its central CTE programs**

The District did not consistently collect and retain industry certification information for its central campus students that was necessary to demonstrate the impact of its CTE programs and support the data it reported to ADE. As previously discussed, student outcome data, such as industry certifications earned and postgraduation placements, is federally required in some instances and provides essential support to demonstrate whether CTE programs have effectively prepared students for high-need occupations. However, we found that the District did not consistently collect and retain industry certification data for all its students.⁵ For example, the District reported to ADE that students earned 18 Law and Public Safety certifications in fiscal year 2024 but was unable to provide documentation for 3 of those certifications in response to our requests. Without such supporting documentation, District officials could not confirm whether its reporting was accurate or whether its records were complete.

- ▶ **District reported some certifications that were not relevant to reporting requirements**

We also found that the District had reported industry certifications that were different than those actually earned by 10 of its Education Professions program students. According to the District, these students earned certifications that were required for them to begin work at a local school district, but the specific credential these 10 students earned was not among ADE's fiscal year 2025 list of industry-recognized credentials. For data reporting purposes, only credentials on the ADE-approved list are eligible to be reported to ADE. District officials stated that they were working with ADE to get this credential added to

⁵ According to District officials, the District operates Law and Public Safety as a 2-year program and only offers certifications to students every other year. The District did not report any certifications earned by students in its Law and Public Safety program in fiscal year 2025, so we reviewed certifications reported in fiscal year 2024, the most recent available at the time of our review.

ADE's list in the future, and they chose to select a different certification type for these students on the ADE report to capture the students' achievements in fiscal year 2025, despite it being inaccurate.

► **District did not ensure that postgraduation placement information for its central program students was accurately reported**

In addition to potential reporting inaccuracies discussed previously that related to a lack of supporting documentation for certifications earned, we identified several apparent errors in the District's reported postgraduation placement information. Specifically, we identified at least 5 instances where the District reported that CTE program graduates were placed in jobs related to their CTE programs, but the job title and/or duties appeared to be unrelated to their CTE training. Conversely, we also identified at least 3 instances of students who appeared to be employed in jobs related to their CTE training, but the District reported that they were employed in unrelated positions. The types of errors we identified are illustrated in Table 1 and affected approximately 20% of students the District reported to ADE as having attained postgraduate employment.

Table 1

District's postgraduation placement reporting did not accurately reflect whether students were likely using their CTE program training

District program title	Postgraduation employment	Job duties	District reported to ADE
Construction Technologies	Moving company	Scheduling and rentals facilitation	Using program skills despite unrelated job duties
Construction Technologies	Concrete contractor	Carpentry, cement finishing	Not using program skills despite related job duties
Nursing Services	Nursing home	CNA duties such as taking vital signs, assisting showers, and patient care	Not using program skills despite related job duties

Source: Auditor General staff analysis of District's fiscal year 2025 central placement data reported to ADE.

The District had not established data-validation processes to check the accuracy of the outcome data it planned to report prior to submitting the information to ADE. For example, the District lacked a process to review the student-reported postgraduation placement information and determine whether the student's employment appeared to be related to the student's CTE training. If it had done so, the District likely would have identified and potentially could have corrected the errors we found during our review.

▶ **District made member districts responsible for collecting, retaining, and reporting outcome data for their satellite CTE programs but did not provide formal guidance for how to do so**

Although District officials reported that each member district was responsible for collecting, retaining, and reporting certification and postgraduation placement data for their satellite CTE programs, the District had not provided formal guidance and oversight to ensure member districts consistently performed these activities. For example, the District had not communicated its expectations for the types of data or supporting documentation member districts should collect and retain, and for how they should validate collected data, track program results, and accurately and timely report information to ADE.

The District's failure to provide detailed and consistent guidance to member districts likely contributed to the deficiencies we identified with member districts' data collection and reporting. We reviewed the industry certification information reported for students attending 2 satellite CTE programs at 2 different member districts. We found that for 2 of the 4 programs we reviewed, 1 member district did not retain any documentation of the industry certifications students earned to support the information reported to ADE. By providing formal guidance to member districts, the District could improve the overall consistency and quality of outcome data collected and could also mitigate the effects of turnover and/or staffing vacancies. For example, during our audit, 2 of the District's member districts had CTE directors who were new to their positions in fiscal year 2026, and 1 member district's CTE director position was vacant.

The District not ensuring central and satellite program outcome data was complete, valid, and accurately reported could impact member districts' federal Perkins Act funding and the District's ability to effectively evaluate its central and satellite CTE programs. For instance, District officials reported reviewing course enrollment and passing rates but could potentially look at more detailed metrics related to job placement and industry certifications with more complete and accurate data. Additionally, the lack of complete and verifiable outcome data impacts public transparency and the District's ability to make data-driven determinations about how well its central and satellite CTE programs are performing and whether program changes are needed.

District reported it did not validate student job placement and industry certification data due to limited staffing and other priorities

District officials reported that the District had not developed processes to collect, validate, and retain outcome data for its central and satellite CTE students because it had limited staff and the District prioritized increasing CTE enrollment over collecting complete and reliable data. However, as previously discussed, we identified relatively simple steps the District could take to improve its outcome data quality, including establishing procedures for collecting and retaining data for its central program students, providing formal guidance to its member districts, and implementing data validation processes to ensure the data reported is supported and accurate.

Recommendations to the District

10. To demonstrate compliance with statutory and ADE requirements and recommended practices, develop and implement consistent protocols for both central and satellite programs for collecting and retaining supporting documentation, such as industry certifications, and for verifying the accuracy of data reported for all CTE programs.
11. Analyze all CTE program outcome data to evaluate its CTE programs' effectiveness in preparing students for high-need occupations and to support the investment of any public monies and use the results of its evaluations to make changes to its programs to ensure they are meeting their statutory purpose of preparing students for high-need occupations.

District response: As outlined in its [response](#), the District agrees with the finding and will implement the recommendations.

District lacked a policy for its nearly \$3.1 million in fund balances and provided less money to its member districts than required, increasing risk that member districts' CTE programs could potentially lack resources for program improvement

The District lacked a formal fund balance policy for its nearly \$3.1 million in fund balances, limiting public transparency into its plans for these monies. We also found that the District provided less than the amounts specified in its intergovernmental agreements (IGAs) with member districts for satellite CTE programs, increasing the risk that its satellite CTE programs may lack resources that could enable them to better meet student needs. See the details below.

Deficiency 1: District accumulated nearly \$3.1 million in fund balances by end of fiscal year 2025 but did not have a policy regarding amount to be maintained or its intended purpose

To help ensure public transparency and accountability, the Government Finance Officers Association (GFOA) recommends that governments, including school districts, establish formal policies governing the unrestricted fund balance to be maintained in their general funds.^{1,2} The unrestricted fund balance consists of monies that a district can spend for any purpose that its governing board deems appropriate.

According to GFOA, establishing a general fund balance policy that considers a district's unique circumstances and risks will help mitigate the impact of unexpected revenue shortfalls or unanticipated expenditures. The policy is also necessary to provide transparency to stakeholders and the public about why the district may be maintaining a higher-than-normal fund balance. GFOA indicates that a fund balance policy should set minimum and maximum fund balance amounts, as well as actions the district will take when its fund balance is below the minimum or above the maximum amounts set by the policy. School districts in the State are not currently subject to a minimum general fund balance requirement, but GFOA recommends that most government entities, regardless of size, maintain an unrestricted general fund balance equal to at least 2 months of either regular general fund operating revenues or expenditures.

Contrary to best practices, the District has not adopted a formal policy to govern its nearly \$2.1 million general fund balance, which at the end of fiscal year 2025 equated to over 13 months of general fund operating expenditures.³ In terms of revenues, the District's general fund balance was equal to over 10 months of general fund revenues. Additionally, the District maintained over \$1 million in unspent restricted monies. Although the District is restricted in how it may spend

¹ The GFOA is an association of more than 30,000 public finance officials from all levels of government whose mission is to advance excellence in public finance.

² GFOA. (2015). *Fund balance guidelines for the general fund*. Retrieved 3/11/2026 from <https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>

³ The approximately \$2.1 million in the District's general fund comprises the District's Maintenance and Operation (M&O) and Unrestricted Capital Outlay funds.

these monies, GFOA recommends considering both restricted and unrestricted balances when developing a general fund balance policy since restricted funds may be available to pay for items that would otherwise be paid using general fund monies.

District officials stated that they were not aware of GFOA's recommendations and did not know that having a formal fund balance policy was a best practice for public entities. However, by not establishing a formal policy specifying the amount of reserves to be maintained in its general fund and the purpose for any monies accumulated in excess of its reserve amount, the District has limited transparency into planned uses for its \$2.1 million general fund balance and may be missing out on opportunities to improve or expand its CTE programs with any excess general fund balance it identifies.

Deficiency 2: District provided less money to its member districts than its member district agreements require and less than other State CTEDs provide to their member districts, which could potentially affect the quality of satellite CTE programs

CTEDs are funded like other school districts in the State—primarily from the average daily membership (ADM) generated by the number of students attending CTED programs at their central and member district satellite campuses.⁴ CTEDs pass through monies to their member districts to support the member districts' approved satellite CTE programs and provide other support, such as curriculum development and professional development for CTE teachers. Although State law does not specify a minimum amount that CTEDs are required to pass through to their member districts, State law requires that IGAs between CTEDs and their member districts include the amount that the CTED will contribute to a course and the amount of support required by the school district.⁵

The District provides pass-through payments and support services to its member districts like other CTEDs in the State, and its IGAs with member districts state that the District will pass through slightly over 70% of satellite course funding to member districts and 50% of District Additional Assistance (DAA) in fiscal year 2025. We reviewed the District's calculations and determined that although it passed through 70% of the base-level funding generated by satellite CTE program students, the calculation did not include other funding generated by these students, such as funding generated by grade 9 students enrolled in satellite CTE programs and DAA. By not including these amounts, the District provided at least \$113,680 less to its member districts in fiscal year 2025 than required under its member district IGAs. Additionally, we found that the District's combined pass-through rate of 58% was substantially below the State-wide average CTED pass-through rate of 75% in fiscal year 2025. According to District officials, the District hired another CTED's former chief financial officer as a consultant who provided them with a spreadsheet to calculate pass-through payments. However, the spreadsheet the consultant provided did not consider DAA or funding related to grade 9 enrollments, resulting in the underfunding we identified.

⁴ ADM is a measure of total student enrollment based on the number of days a student is enrolled during the first 100 days of the school year. ADM is used for funding purposes and does not represent the actual number of students participating in CTE.

⁵ A.R.S. §15-393(L).

During the audit, member district officials we spoke with did not report any unmet satellite CTE program needs nor did we identify any satellite CTE programs that appeared to have deficient supplies or equipment. However, member district officials we spoke with were also unaware the District provided their satellite CTE programs substantially less pass-through monies than required by its member district IGAs and less than most other CTEDs in the State provide to their member districts. With this information, member districts may have considered other ways to improve their existing satellite CTE programs and/or proposed additional satellite CTE program offerings of interest to students.

Recommendations to the District

- 12.** 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, establishes minimum and maximum reserve amounts, outlines the purposes for which the District will spend monies that are in excess of required reserves, and provides guidance to replenish fund balance falling below the minimum reserve amount.
- 13.** Evaluate central and satellite CTE program needs and costs, with member districts' input, to determine whether it should change the amount of financial support it provides to support satellite CTE programs, document its determination, and inform member districts of its evaluation and determination.
- 14.** Update its pass-through calculations and procedures to address all elements specified in its IGAs with member districts, including DAA and funding related to grade 9 enrollment to ensure that the District provides funding to member districts in accordance with its IGAs.
- 15.** In consultation with legal counsel, as necessary, determine whether to provide additional funding to member districts to meet the amounts specified in its IGAs for prior years, and if so, take appropriate corrective measures.

District response: As outlined in its [response](#), the District agrees with the finding and will implement or implement in a different manner the recommendations.

District lacked evidence of required advance Board approval for expenditures totaling \$5,300, including food and beverage purchases, increasing the risk of improper transactions and potential violations of the State Constitution’s gift clause

We identified issues involving the District’s lack of advance board approval when making payments for reimbursements and purchasing food and beverages. See the details below.

Deficiency 1: District did not ensure all reimbursements paid to the superintendent were approved by the Board prior to paying them

We judgmentally selected and reviewed 25 out of 966 expenditures totaling approximately \$76,600 in fiscal year 2025 and identified 2 reimbursements totaling \$4,198 that the superintendent had both requested and approved without any additional Board oversight or approval. District officials reported that because the Board is responsible for overseeing the superintendent, the District’s informal practice is for at least 1 Board member to approve the superintendent’s reimbursement requests. The District followed this process for 2 other reimbursements it paid to the superintendent in fiscal year 2025 but did not do so for the 2 reimbursements we reviewed.

When we brought this issue to the District’s attention, the District provided documentation supporting that the 2 reimbursements lacking Board approval were appropriate and for a valid District purpose. However, the District’s failure to consistently ensure the superintendent’s reimbursement requests were separately reviewed and approved by the Board prior to the District paying them increased the risk that the superintendent could request and/or receive improper or unallowable reimbursements. Additionally, the District’s prior superintendent was indicted in 2021 for 5 felony counts related to misuse of public monies, fraudulent schemes and artifices, and fraudulent schemes and practices related to their purchasing activities associated with federal grants.¹ Further, the District’s prior business manager was indicted in 2019 for 19 felony counts related to theft, misuse of public monies, fraudulent schemes, computer tampering, and forgery related to their purchasing activities in the business office.² Therefore, developing, implementing, and consistently following strong purchasing controls in accordance with the USFR will better protect public monies and reduce the District’s risk of errors, misuse, and fraud.

¹ See Auditor General report 21-405, *Arizona Department of Education and Valley Academy for Career and Technical Education Criminal Indictment—Misuse of Public Monies and Fraudulent Schemes*.

² See Auditor General report 19-407, *Arizona Department of Education and Valley Academy for Career and Technical Education Criminal Indictment—Theft and Misuse of Public Monies*.

Deficiency 2: District spent at least \$1,100 on food and beverages without Board approval, limiting public transparency and increasing the risk that the purchases could violate the State Constitution’s gift clause

State law authorizes school district governing boards to provide food and beverages at district events, including trainings and other official school functions, subject to certain restrictions, including the Arizona Constitution’s gift clause and laws pertaining to travel and subsistence.^{3,4} Governing boards are responsible for directly approving such expenditures. However, we found that the District failed to obtain the Board’s advance approval for all 7 food and beverage purchases totaling \$1,156 that we identified from our review of fiscal year 2025 expenditures and supporting documentation such as purchase orders, including \$325 for catering for a start of the year staff meeting, \$465 for catering and grocery store purchases for a local area school superintendent meeting, and \$136 for a lunch meeting with Yavapai County officials.⁵

District officials indicated being unaware of the need for specific Board approval for each event. They further indicated that the Board had approved the food and beverage purchases by approving a food and beverage provision within employees’ contracts specifying that the District may provide food and beverages to employees at certain events as a *de minimis*, or insignificant, fringe benefit. However, such a provision does not specifically authorize administrators to make such food and beverage purchases nor set any limits to ensure that the purchases comply with the various restrictions set forth in State law. Therefore, the provision is inadequate to demonstrate prior Board approval for specific food and beverage purchases we reviewed. By spending public monies on food and beverages without obtaining prior Board approval, the District limited public transparency into its spending and potentially wasted District monies that could have been directed for other District priorities.

In addition to lacking required Board approval, we also found that the District did not take steps to ensure its food and beverage purchases were in accordance with the Arizona Constitution’s gift clause and other restrictions. The gift clause states that the payment of public monies must be for a public purpose, and the cost paid by the public must not far exceed the value to be received by the public.⁶ Additionally, various funding sources have restrictions on how they may be spent, including some that may not be used for food and beverage purchases. None of the 9 food and beverage purchases we reviewed had evidence to demonstrate the District’s compliance with these requirements, such as a statement of the public purpose for providing food and beverages and the costs of doing so relative to the benefits the District received, or documentation to support that the funding sources it used to purchase food and beverages were allowed to be used for that purpose. Without such information, the District lacks support that its food and beverage purchases served a valid District purpose and the benefits it received were not far exceeded by the costs it paid.

³ A.R.S. §15-342(39).

⁴ Arizona Constitution, Art. IX, §7, commonly referred to as “Arizona’s gift clause,” requires that a governmental entity only use public monies for a public purpose and that the value to be received by the public is not to be far exceeded by the consideration being paid by the public.

⁵ Of the 7 fiscal year 2025 food and beverage purchases we reviewed, the District used M&O Fund monies for 6 purchases totaling approximately \$1,110 and Gifts and Donations Fund monies for 1 purchase of approximately \$26.

⁶ See also *Wistuber v. Paradise Valley Unified School Dist.*, 141 Ariz. 346, 687 P.2d 354 (1984); *Turken v. Gordon*, 223 Ariz. 342, 224 P.3d 158 (2010); and *Schires v. Carlat*, 250 Ariz. 371, 480 P.3d 639 (2021).

Recommendations to the District

16. Obtain advance Board approval for all reimbursements requested by the superintendent.
17. Obtain advance Board approval for all food and beverage purchases associated with District events in accordance with State laws, the gift clause, and other requirements, which includes determining and documenting that funding sources used are appropriate and how each purchase benefits the District and serves a public purpose.

District response: As outlined in its [response](#), the District does not agree with the finding but will implement the recommendations.

District's excessive access to sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to sensitive information, data loss, errors, and fraud

District has not complied with some important IT security requirements and recommended practices

The USFR and credible industry standards, such as those developed by the National Institute of Standards and Technology (NIST), set forth important IT security requirements and recommended standards that help districts safeguard sensitive information and prevent data loss, errors, and fraud.¹ However, our review of the District's IT security practices identified several deficiencies, including noncompliance with USFR requirements and practices inconsistent with credible industry standards, that increased its risk for unauthorized access to sensitive information, data loss, errors, and fraud. See the details below.

Deficiency 1: District did not regularly review and limit user access to its accounting system and network, increasing its risk of fraud and unauthorized access to sensitive District information

Credible industry standards recommend that districts develop procedures to regularly review and limit user access, which would help districts ensure they meet USFR requirements. However, the District did not limit user access to its critical IT systems in accordance with the USFR and lacked written IT policies and procedures to guide staff and ensure compliance with USFR requirements and credible industry standards.

Specifically:

- ▶ **Contrary to the USFR, District granted users more access than necessary to perform job duties and granted some users unnecessary administrator-level access to its accounting system**

Our review of accounting system access levels for the District's 6 active user accounts as of January 2026 found that 2 business office employees had excessive access to payroll and/or accounts payable functions. These users' access allowed them to initiate and complete payroll and/or purchasing transactions without another employee reviewing and approving the transactions, increasing the risk of errors and fraud.

We also found that the District granted unnecessary administrator-level access to these 2 business office employees. Administrator-level access provides full control over system settings, such as the ability to view and edit data, add new users, and modify the level

¹ National Institute of Standards and Technology (NIST). (2020). *NIST Special Publication 800-53(R5): Security and privacy controls for information systems and organizations*. Retrieved 12/05/25 from <https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r5.pdf>

of access that users have to various functions. By granting unnecessary and powerful administrator-level access, the District increased the risks of fraud, unauthorized access to sensitive information, and data loss.

▶ **District inappropriately granted 2 users administrator-level access to its network and did not promptly remove 8 unneeded or unused network accounts**

Similarly, we reviewed the 31 user accounts on the District's network as of October 2025 and found that the District inappropriately granted administrator-level access to 2 user accounts that did not require this access. Additionally, contrary to the USFR requirement to immediately disable system access when it is no longer needed, we also identified 8 network accounts associated with terminated employees whose District employment ended between 1 and 10 years prior to our review. One of these accounts was associated with a previous business office employee who was indicted in 2019 for theft and misuse of public monies during their District employment.² Although the District's records indicated the account had not been used to access the network after the former employee's termination, the District's failure to limit access to its systems and regularly review and remove unnecessary user accounts increases the risk of unauthorized access to sensitive information and data loss. District officials reported they were unaware of the risks of not promptly disabling unneeded accounts. After we brought these user accounts and the associated risks to the District's attention during the audit, the District worked with its vendor to remove them.

Deficiency 2: District's authentication controls did not meet USFR requirements and credible industry standards, increasing the risk of unauthorized access and disruptions to District operations

Our review of the District's password requirements and practices as of January 2026 found that they were not aligned with credible industry standards, such as those developed by NIST. Additionally, the USFR states that school districts should require comprehensive authentication of users accessing critical IT systems, but we found that the District did not consistently enforce authentication controls for all users across all its critical IT systems. By not having password requirements and other authentication controls that meet USFR requirements and credible industry standards, the District increases the risk of unauthorized access to its critical systems and disruptions to District operations.

Deficiency 3: District's IT contingency plan lacked some key components, increasing its risk of interrupted operations and data loss

Our December 2025 review of the District's IT contingency plan found that it lacked some key components required by the USFR and recommended by credible industry standards to help ensure continued operations and data recovery in the event of a system outage. Specifically, the District's plan did not specify the order in which critical systems should be restored or include detailed restoration steps. Additionally, although the District's plan indicates that it should be

² See Auditor General report 19-407, *Valley Academy for Career and Technical Education—Criminal Indictment—Theft and Misuse of Public Monies*.

reviewed and updated annually, which the District completed in March 2025, these reviews do not appear adequate to ensure the plan is aligned with credible industry standards. District officials reported that its IT contingency plan was missing some key components because they were unaware of the credible industry standards that identify the key components a contingency plan should include. By lacking a comprehensive contingency plan aligned with the USFR and credible industry standards, the District increases its risk of extended system disruptions and data loss.

Recommendations to the District

18. Limit users' access in the accounting system to only those functions needed to perform their job duties.
19. Review and reduce the number of users with administrator-level access to its accounting system and network to only those individuals with a business need for administrator-level access.
20. Immediately disable or remove all network accounts that are no longer needed, including those associated with terminated employees and former vendors.
21. Develop and implement written procedures to periodically review accounting system and network accounts to ensure access levels align with job duties and change or remove access, as necessary.
22. Implement and enforce strong authentication controls that align with USFR requirements and credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.
23. Develop and implement a formal process to review the District's authentication controls against credible industry standards at least annually.
24. Update its IT contingency plan to ensure it meets USFR requirements and credible industry standards.
25. Develop and implement detailed, written procedures to annually review and update its IT contingency plan to ensure it meets USFR requirements and credible industry standards.

District response: As outlined in its [response](#), the District agrees with the finding and will implement the recommendations.

SUMMARY OF RECOMMENDATIONS

The Arizona Auditor General makes 25 recommendations to the District

Click on a finding, recommendation, or its page number to the right to go directly to that finding or recommendation in the report.

Recommendations to the District

FINDING 1	4
1. Develop and implement procedures to ensure central students are constantly supervised, including by substitute teachers.	6
2. Develop and implement procedures to control visitor access to the District's campuses, such as by directing visitors to a single entrance and requiring them to sign in/sign out.	6
3. Complete formal safety assessment(s), such as a threat vulnerability assessment and/or school safety assessment, to identify potential safety concerns with the District's infrastructure and processes and document the assessment results.	6
4. Using the results of its safety assessment, determine which safety measures the District will implement, taking into consideration the impact to student and staff safety, cost, and feasibility, and implement the identified measures.	6
FINDING 2	7
5. Develop and implement written procedures to ensure compliance with USFR requirements and District policy related to cosmetology program cash collections, including its reconciliation process.	8
6. Develop and implement formal cash-handling training for District employees with cash-handling responsibilities in the cosmetology program to ensure compliance with USFR cash-handling requirements and District policy.	8
7. Ensure all discrepancies between system receipts and cash collected are identified and reviewed with documented resolution for all variances, including voided transactions and waived fees.	8

FINDING 3 **9**

- 8.** Review extra-duty payments made in fiscal year 2025 to identify and correct any over- or underpayments. For any over- or underpayments identified, determine and document what action(s) will be taken to correct them. **10**
- 9.** Develop and implement a thorough supervisory payroll review process to ensure that payments made to salaried employees for extra-duty hourly pay are supported by properly reviewed and approved time sheets. **10**

FINDING 4 **11**

- 10.** To demonstrate compliance with statutory and ADE requirements and recommended practices, develop and implement consistent protocols for both central and satellite programs for collecting and retaining supporting documentation, such as industry certifications, and for verifying the accuracy of data reported for all CTE programs. **15**
- 11.** Analyze all CTE program outcome data to evaluate its CTE programs' effectiveness in preparing students for high-need occupations and to support the investment of any public monies and use the results of its evaluations to make changes to its programs to ensure they are meeting their statutory purpose of preparing students for high-need occupations. **15**

FINDING 5 **16**

- 12.** 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, establishes minimum and maximum reserve amounts, outlines the purposes for which the District will spend monies that are in excess of required reserves, and provides guidance to replenish fund balance falling below the minimum reserve amount. **18**
- 13.** Evaluate central and satellite CTE program needs and costs, with member districts' input, to determine whether it should change the amount of financial support it provides to support satellite CTE programs, document its determination, and inform member districts of its evaluation and determination. **18**
- 14.** Update its pass-through calculations and procedures to address all elements specified in its IGAs with member districts, including DAA and funding related to grade 9 enrollment to ensure that the District provides funding to member districts in accordance with its IGAs. **18**
- 15.** In consultation with legal counsel, as necessary, determine whether to provide additional funding to member districts to meet the amounts specified in its IGAs for prior years, and if so, take appropriate corrective measures. **18**

FINDING 6	19
16. Obtain advance Board approval for all reimbursements requested by the superintendent.	21
17. Obtain advance Board approval for all food and beverage purchases associated with District events in accordance with State laws, the gift clause, and other requirements, which includes determining and documenting that funding sources used are appropriate and how each purchase benefits the District and serves a public purpose.	21
FINDING 7	22
18. Limit users' access in the accounting system to only those functions needed to perform their job duties.	24
19. Review and reduce the number of users with administrator-level access to its accounting system and network to only those individuals with a business need for administrator-level access.	24
20. Immediately disable or remove all network accounts that are no longer needed, including those associated with terminated employees and former vendors.	24
21. Develop and implement written procedures to periodically review accounting system and network accounts to ensure access levels align with job duties and change or remove access, as necessary.	24
22. Implement and enforce strong authentication controls that align with USFR requirements and credible industry standards to decrease the risk of unauthorized persons gaining access to sensitive District information and disrupting operations.	24
23. Develop and implement a formal process to review the District's authentication controls against credible industry standards at least annually.	24
24. Update its IT contingency plan to ensure it meets USFR requirements and credible industry standards.	24
25. Develop and implement detailed, written procedures to annually review and update its IT contingency plan to ensure it meets USFR requirements and credible industry standards.	24

In addition to the 7 findings in this public report, we identified 1 additional finding pertaining to the District's school safety practices. We omitted this additional finding from the public report because of the sensitive nature of the information within it and the potential for harm that could result from its public release. Accordingly, we communicated this additional confidential finding and associated recommendations directly to the District's Governing Board and management. The District agreed with the confidential finding and agreed to implement all 8 recommendations. We will follow up on the status of these 8 confidential recommendations when we conduct our followup work.

District’s fiscal year 2025 spending

Tables 2, 3, and 4 detail the District’s fiscal year 2025 spending. Table 2 below shows the District’s spending for satellite CTE programs shown by member district, the number of student enrollments in satellite programs at each member district, and the District’s spending per enrollment at each member district.¹ The District’s spending for satellite programs was in the form of allocation payments to its member districts based on the funding those programs generated for the District. In fiscal year 2025, the District received over \$1.19 million in revenues generated by student enrollments in satellite programs and spent approximately \$700,000 on allocation payments to its member districts. In addition to the District’s spending for satellite programs shown in Table 2, member districts spent approximately \$1.15 million in fiscal year 2025 on their satellite programs from other funding sources, primarily maintenance and operations. This spending is not included in the amounts shown in Table 2.

Table 2
District spending for satellite programs by member district

Fiscal year 2025

Member district	District spending amount	Student enrollments	District spending per enrollment
Mingus Union High School District	\$363,316	1,398	\$260
Camp Verde Unified School District	190,599	907	210
Sedona-Oak Creek Joint Unified School District	124,932	266	470
Cottonwood-Oak Creek Elementary School District ¹	17,069	92	186
Clarkdale-Jerome Elementary School District ¹	—	—	—
Total	\$695,916	2,663	\$261

¹ The District had 2 elementary school member districts in fiscal year 2025. Clarkdale-Jerome ESD is a typical ESD with kindergarten through grade 8 enrollment and did not operate any CTE programs or receive any monies from the District during the fiscal year. Cottonwood-Oak Creek ESD had kindergarten through grade 12 enrollment and operated 2 CTE programs at its Verde Tech High School and received just over \$17,000 in allocation payments from the District during the fiscal year.

Source: Auditor General staff analysis of fiscal year 2025 member district-reported enrollment data and District accounting data.

¹ Enrollments may include a single student multiple times if that student was enrolled in multiple CTE courses during the year (e.g., Automotive Technologies and Welding Technologies).

Table 3 below shows the District’s spending for central programs shown by CTE program, the number of student enrollments in each central CTE program, and the District’s spending per enrollment for each central CTE program. The District’s central program spending also includes salaries and benefits for the District’s teachers, classroom supplies, textbooks, and student certification testing fees. Additionally, the District spent approximately \$37,000 on instructional spending that was not associated with a specific central CTE program primarily for technology purchases, including the purchase of laptops used by multiple programs.

Table 3

District spending for central programs by CTE program

Fiscal year 2025

CTE program name	CTE program description	Spending	Student enrollments	District spending per enrollment
Construction Technologies	Prepare students to apply technical knowledge and skills to residential and commercial building construction and remodeling.	\$186,232	75	\$2,483
Cosmetology and Related Services	Help others care for their hair, skin, and nails.	184,410	89	2,072
Nursing Services	Provide routine nursing related care of patients in hospitals or long-term facilities.	182,948	76	2,407
Education Professions	Prepares students for employment in the field of education including as a paraprofessional educator or instructional assistant.	103,274	33	3,130
Law and Public Safety	Apply management and criminal justice practices to law enforcement administration and operations.	87,300	41	2,129
Fire Service	Apply principles, theory, and practices of fire operations and firefighting services.	77,469	32	2,421

Table 3 continued

CTE program name	CTE program description	Spending	Student enrollments	District spending per enrollment
Culinary Arts	Apply technical knowledge and skills for food production and service in commercial food service establishments.	20,807	18	1,156
Emergency Medical Services	Prepare students to recognize, assess, and manage medical emergencies in a prehospital environment.	11,232	6	1,872
Non-program specific central spending for CTE programs	District instructional spending for CTE programs that was not coded to a specific CTE program. This spending was mainly comprised of technology purchases, including the purchase of laptops used by multiple programs.	37,416	370	101
Total		\$891,088	370	\$2,408

Source: Auditor General staff analysis of ADE's CTE program descriptions, fiscal year 2025 enrollment data, and fiscal year 2025 District-reported accounting data.

Table 4 below shows the District’s spending for administration and support services shown by spending category, including a brief description of the primary expenditures in each category, and the spending per enrollment for each category. Spending per enrollment in Table 4 is calculated using the District’s fiscal year 2025 total satellite and central program enrollment of 3,033 students.

Table 4
District spending for administration and support services

Fiscal year 2025

Spending category	Spending description	District spending amount	District spending per enrollment
Administration	Primarily includes salaries and benefits for administrative staff and spending for insurance payments.	\$333,955	\$110
Instruction support and student support services	Primarily includes salaries and benefits for support staff.	174,778	58
Other support services	Primarily includes spending for facility leases, maintenance, and insurance payments.	131,697	43
Total		\$640,430	\$211

Source: Auditor General staff analysis of fiscal year 2025 District and member district-reported enrollment data and District accounting data.

Objectives, scope, and methodology

We have conducted this performance audit of the District pursuant to A.R.S. §§15-393.01 and 41-1279.03(A)(9). This audit focused on the District's efficiency and effectiveness primarily in fiscal year 2025 in preparing students for high-need occupations and its compliance with certain State laws and requirements.

Efficiency and effectiveness

We used various methods to meet this performance audit's objectives. These methods included reviewing relevant State laws, rules, policies, procedures, and other District-provided documentation; interviewing District and member district staff; touring District facilities and member district satellite programs; and reviewing information from ADE's website.

We also used the following specific methods to meet the audit objectives:

- ▶ To determine whether the District provided sufficient student supervision and consistently controlled campus access in accordance with requirements and recommended practices, we interviewed District officials to understand the District's safety practices and observed District facilities over 4 days in November 2025 and 3 days in January 2026, including observation of classrooms and the District's visitor management process. We also reviewed Fire Marshal reports and other supporting documentation related to campus safety assessments. Additionally, we reviewed statutory requirements and recommended practices related to staff and student safety.
- ▶ To determine whether the District's cash-handling procedures met USFR requirements, we reviewed documentation associated with the District's cosmetology program cash receipts and cash-collection reports for January and February 2025 totaling approximately \$1,500. We also reviewed February 2025 bank deposit records for the District's cosmetology program.
- ▶ To determine whether the District paid its employees in accordance with its Board-approved employment contracts, Board-approved resolutions, and USFR requirements, we reviewed handwritten time sheets and other supporting documentation associated with all 38 extra-duty payments the District made to salaried employees in fiscal year 2025.
- ▶ To determine whether the District collected, validated, and used outcome measure data to assess the effectiveness of its CTE programs in accordance with requirements and recommended practices, we reviewed ADE CTE performance measure reports and available District documentation of CTE program outcome data, including postgraduation placements and industry credentials earned by students. We also reviewed all 41 postgraduation job placements the District reported to ADE in fiscal year 2025 to assess whether the placements appeared to be related to the technical skills learned in the students' CTE programs. We reviewed the District's supporting documentation for 28 industry certifications the District reported to ADE in fiscal years 2024 and 2025 for 2 central

programs we judgmentally selected for review, including copies of certifications and vendor reports. Additionally, we reviewed supporting documentation for 75 certifications that member districts reported students earned in fiscal year 2025 for 2 satellite CTE programs we judgmentally selected for review at 2 of the District's member districts.

- ▶ To determine how the District allocated funding it received for its member districts' satellite CTE programs, we reviewed the District's fiscal year 2025 IGAs with its member districts and reviewed the District's supporting documentation related to calculating payments to its member districts during the fiscal year, including spreadsheets and ADM reports. Additionally, we reviewed the District's allocation payments it made to its member districts in fiscal year 2025 and compared these payments to the payments the 13 other CTEDs in the State made to their respective member districts in fiscal year 2025.
- ▶ To determine whether the District maintained its unspent fund balances in accordance with recommended practices, we reviewed the District's fiscal year 2025 *Annual Financial Report* and audited financial statements for fiscal years 2020 through 2024 to determine its unspent fund balances and interviewed District officials about intended purposes of accumulated fund balances.
- ▶ To determine if the District ensured reimbursements paid to the superintendent were approved by the Board prior to paying them, we reviewed supporting documentation for all 4 purchase orders for reimbursements made directly to the superintendent, including receipts, invoices, and vouchers for all 4 reimbursements made to the superintendent in fiscal year 2025 totaling \$18,498.
- ▶ To determine whether the District's food and beverage purchases complied with statutory requirements for making such purchases, we reviewed accounts payable vouchers, accounting data, credit card transaction data, and associated supporting documentation, including attendee lists and agendas for food and beverage purchases the District made during fiscal year 2025. In total, we identified and reviewed 7 food and beverage purchases the District made in fiscal year 2025 totaling \$1,156.

Financial accounting data and internal controls

We completed work to assess internal controls, including controls over payroll, purchasing, credit cards, travel reimbursements, and appropriate expenditure classification. Our work consisted of reviewing the District's policies and procedures; interviewing District staff; and, where applicable, testing the District's compliance with its policies and procedures, the USFR and related guidance, and IT industry frameworks. Specifically, we reviewed the District's fiscal year 2025 payroll and accounts payable transactions for proper account classification and reasonableness. We also reviewed detailed payroll and personnel records for 6 of 14 individuals who received payment through the District's payroll system in fiscal year 2025. Additionally, we reviewed supporting documentation for 25 of 966 fiscal year 2025 accounts payable transactions to ensure the payments were authorized and in accordance with USFR requirements. We also evaluated other internal controls that we considered significant to the audit objectives and reported our conclusions on applicable internal controls in Findings 2, 3, and 6 (see pages 7 through 10 and pages 19 through 21).

We also reviewed controls over the District's relevant computer systems and reported our conclusions on applicable controls over the District computer systems in Finding 7 (see pages 22 through 24).

Specifically:

- ▶ To determine whether the District appropriately limited users' system access to only those functions needed for employees to perform their job duties, we reviewed all active users' accounting information system access and compared their access levels with their job responsibilities. We also reviewed all accounts with administrator-level access to determine whether the District had appropriately granted administrator-level access.
- ▶ To determine whether the District's authentication controls for critical IT systems were consistent with USFR requirements and credible industry standards, we reviewed the District's authentication controls in effect at the time of our review in January 2026 and compared them to those required by the USFR and recommended by credible industry standards.
- ▶ To determine whether the District's IT contingency plan included key components required by the USFR and recommended by credible industry standards, we reviewed the District's IT contingency plan and the District's efforts to test its plan.

We selected our audit samples to provide sufficient evidence to support our findings, conclusions, and recommendations. Unless otherwise noted, the results of our testing using these samples were not intended to be projected to the entire population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Additionally, we omitted 1 finding from the public report because of its sensitive nature. Accordingly, we communicated this finding and associated recommendations directly to the District's Governing Board and management.

We express our appreciation to the District's Board members, superintendent, and staff for their cooperation and assistance throughout the audit.

DISTRICT RESPONSE

The subsequent pages were written by the District to provide a response to each of the findings and to indicate its intention regarding implementation of the recommendations resulting from the audit conducted by the Arizona Auditor General.



Valley Academy for
Career and Technology Education

3405 E. State Rte. 89A – Bldg. B
Cottonwood, AZ 86326
(928) 634-7131
vacte.com

SKILLS FOR TODAY, CAREERS FOR A LIFETIME

June 17, 2026

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

Dear Ms. Perry,

Valley Academy for Career & Technology Education (VACTE) is a career and technical education district in eastern Yavapai County and part of Coconino County for grades 9-12, serving high school youth in Career Technical Education (CTE). VACTE has grown from zero central campus programs and students to over 250 students and 10 central campus programs in the past ten years under the new administration. The satellite enrollment in CTE courses has grown to over 1050 students. These CTE programs have given the Verde Valley and Sedona communities a pipeline to above entry level employees over the past nine years. The rapid growth rate has not been without its challenges, some of which are outlined in the recently released Auditor General's Performance Audit.

Even though VACTE does not agree with all the findings contained in the audit report, the district is committed to improving its processes and procedures to make District operations more effective and efficient.

VACTE prides itself on providing the best opportunities for all who take our career and technical education courses. VACTE will use the Auditor General's Performance Audit recommendations to help improve upon an already successful model. It will help us in achieving the goal of providing quality CTE programs that benefit our youth as well as our community.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Weir", is written over a faint, larger version of the same signature.

Robert Weir
VACTE Superintendent

Finding 1: District provided insufficient student supervision, did not consistently control campus access, and has not assessed campus safety in accordance with recommended practices, increasing safety risks to students, staff, and facilities

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

Response explanation: The district is currently working to ensure proper supervision of students while in class and will work on increased security measures for campus access to ensure a safe environment for all students and staff.

Recommendation 1: Develop and implement procedures to ensure central students are constantly supervised, including by substitute teachers.

District Response: The audit recommendation will be implemented.

Response explanation: The district will follow existing board approved procedures to ensure sufficient supervision of students and has established contracted and/or part-time employees who will function as substitute teachers for its CTE programs and would not have other duties to attend to while supervising central campus classes.

Recommendation 2: Develop and implement procedures to control visitor access to the District's campus, such as by directing visitors to a single entrance and requiring them to sign in/sign out.

District Response: The audit recommendation will be implemented.

Response explanation: The district will review its board approved written procedures and make recommendations as necessary.

Recommendation 3: Complete formal safety assessment(s), such as a threat vulnerability assessment and/or school safety assessment, to identify potential safety concerns with the District's infrastructure and processes and document the assessment results.

District Response: The audit recommendation will be implemented.

Response explanation: The district will implement the recommendation.

Recommendation 4: Using the results of its safety assessment, determine which safety measures the District will implement, taking into consideration the impact to student and staff safety, cost, and feasibility, and implement the identified measures.

District Response: The audit recommendation will be implemented.

Response explanation: The district will implement the recommendation.

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

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

Response explanation: VACTE 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 staff 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. VACTE Cosmetology program will no longer accept cash payments for services performed by the students.

Recommendation 5: Develop and implement written procedures to ensure compliance with USFR requirements and District policy related to cosmetology program cash collections, including its reconciliation process.

District Response: The audit recommendation will be implemented.

Response explanation: To ensure compliance with USFR requirements and District policies, the District will develop written cash-handling procedures. These procedures will include internal controls such as segregation of duties, timely deposits, and accurate documentation. VACTE Cosmetology program will no longer accept cash payments for services performed by the students.

Recommendation 6: Develop and implement formal cash-handling training for District employees with cash-handling responsibilities in the cosmetology program to ensure compliance with USFR cash-handling requirements and District policy.

District Response: The audit recommendation will be implemented.

Response explanation: The District will conduct mandatory training for all employees with cashhandling responsibilities to ensure they understand and follow the procedures.

Recommendation 7: Ensure all discrepancies between system receipts and cash collected are identified and reviewed with documented resolution for all variances, including voided transactions and waived fees.

District Response: The audit recommendation will be implemented.

Response explanation: VACTE is currently updating Point-of-Sale (POS) system includes strengthened internal controls 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.

Finding 3: District's supervisory review of employees' time sheets was insufficient, increasing the risk of unallowable or erroneous payments to District employees

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

Response explanation: The district will establish stronger controls to ensure all time sheets are correct and well documented.

Recommendation 8: Review extra-duty payments made in fiscal year 2025 to identify and correct any over- or underpayments. For any over- or underpayments identified, determine and document what action(s) will be taken to correct them.

District Response: The audit recommendation will be implemented.

Response explanation: The district will implement the recommendation to correct discrepancies as needed and has implemented new procedures to correct this issue.

Recommendation 9: Develop and implement a thorough supervisory payroll review process to ensure that payments made to salaried employees for extra-duty hourly pay are supported by properly reviewed and approved time sheets.

District Response: The audit recommendation will be implemented.

Response explanation: The district has already put procedures in place for a secondary review to rectify this issue.

Finding 4: District lacked processes to consistently collect and validate key student outcome data, resulting in reporting errors and potentially inaccurate information about programs' success in preparing students for high-need occupations

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

Response explanation: The district will improve the process to consistently collect, validate, and document data used to assess program outcomes.

Recommendation 10: To demonstrate compliance with statutory and ADE requirements and recommended practices, develop and implement consistent protocols for both central and satellite programs for collecting and retaining supporting documentation, such as industry certifications, and for verifying the accuracy of data reported for all CTE programs.

District Response: The audit recommendation will be implemented.

Response explanation: The district is constantly working to improve data collection for all CTE programs both at the central and satellite locations.

Recommendation 11: Analyze all CTE program outcome data to evaluate its CTE programs' effectiveness in preparing students for high-need occupations and to support the

investment of any public monies and use the results of its evaluations to make changes to its programs to ensure they are meeting their statutory purpose of preparing students for high-need occupations.

District Response: The audit recommendation will be implemented.

Response explanation: The district will analyze all CTE program outcome data using the industry credential, student placement data, Technical Skills Assessment and program completion rates in measuring student success.

Finding 5: District lacked a policy for its nearly \$3.1 million in fund balances and provided less money to its member districts than required, increasing risk that member districts' CTE programs could potentially lack resources for program improvement

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

Response explanation: VACTE 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, VACTE 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, VACTE 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 VACTE's long-term financial goals and strategic priorities.

Recommendation 12: 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, establishes minimum and maximum reserve amounts, outlines the purposes for which the District will spend monies that are in excess of required reserves, and provides guidance to replenish fund balance falling below the minimum reserve amount.

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. 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.

Recommendation 13: Evaluate central and satellite CTE program needs and costs, with member districts' input, to determine whether it should change the amount of financial support it provides to support satellite CTE programs, document its determination, and inform member districts of its evaluation and determination.

District Response: The audit recommendation will be implemented.

Response explanation: VACTE works with satellite administration on program needs yearly. VACTE has a formula for the funding split which has been used successfully for the past eight years. The funding to the satellites will be evaluated yearly to ensure VACTE is meeting the satellite needs and meets the maximum VACTE can send to the satellite district without supplanting. VACTE will work with the satellite districts on supplemental funding options for program essential needs. The state law does not establish a minimum pass-through amount, VACTE is committed to equitable, transparent, and strategic resource allocation through its IGAs.

Recommendation 14: Update its pass-through calculations and procedures to address all elements specified in its IGAs with member districts, including DAA and funding related to grade 9 enrollment to ensure that the District provides funding to member districts in accordance with its IGAs.

District Response: The audit recommendation will be implemented.

Response explanation: VACTE administration is committed to developing a comprehensive funding plan that incorporates its pass-through amount. In FY27, VACTE will increase its financial distribution if it does not go over the supplantment level to member districts pending board approval for the DAA and new grade 9 funding generated by satellites in a revised IGA. This increase and supplemental funding will reflect VACTE's continued commitment to equitable and strategic resource allocation in support of high-quality instruction throughout its member districts.

Recommendation 15: In consultation with legal counsel, as necessary, determine whether to provide additional funding to member districts to meet the amounts specified in its IGAs for prior years, and if so, take appropriate corrective measures.

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

Response explanation: VACTE has offered and funded the satellite district over the past several years with supplemental funding. The District will work with the satellite districts to take future action if needed.

Finding 6: District lacked evidence of required advance Board approval for expenditures totaling \$5,300, including food and beverage purchases, increasing the risk of improper transactions and potential violations of the State Constitution's gift clause

District Response: The Auditor General's finding is not agreed to.

Response explanation: The District disagrees with this finding because clear and concise guidance has not been forthcoming from the Arizona Department of Education. However,

the District has language in all employee contracts and notices of employment that states “To the extent appropriate for the occasion, the District may provide incidental food and beverages at mandatory staff meetings, including in-services and staff development activities/trainings, as a de minimus fringe benefit in order to foster good working relations and encourage and reward staff participation” and felt this was sufficient to document prior board approval. The district has implemented a new process to include an item on each board agenda to approve all upcoming events that will include food purchased by the district.

Recommendation 16: Obtain advance Board approval for all reimbursements requested by the superintendent.

District Response: The audit recommendation will be implemented.

Response explanation: VACTE does have in place a procedure for superintendent reimbursement approved by a board member. VACTE will ensure the procedure will be followed for all reimbursement requests by the superintendent will be approved by a board member in advance.

Recommendation 17: Obtain advance Board approval for all food and beverage purchases associated with District events in accordance with State laws, the gift clause, and other requirements, which includes determining and documenting that funding sources used are appropriate and how each purchase benefits the District and serves a public purpose.

District Response: The audit recommendation will be implemented.

Response explanation: The district has implemented a new process to include an item on each board agenda to approve all upcoming events that will include food purchased by the district.

Finding 7: District’s excessive access to sensitive computerized data and other IT deficiencies increased the risk of unauthorized access to sensitive information, 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.

Recommendation 18: Limit users’ access in the accounting system to only those functions needed to perform their job duties.

District Response: The audit recommendation will be implemented.

Response explanation: : The District will implement this recommendation.

Recommendation 19: Review and reduce the number of users with administrator-level access to its accounting system and network to only those individuals with a business need for administrator-level access.

District Response: The audit recommendation will be implemented.

Response explanation: : The District will implement this recommendation.

Recommendation 20: Immediately disable or remove all network accounts that are no longer needed, including those associated with terminated employees and former vendors.

District Response: The audit recommendation will be implemented.

Response explanation: : The District will implement this recommendation and all access to terminated employee and vendors have been removed.

Recommendation 21: Develop and implement written procedures to periodically review accounting system and network accounts to ensure access levels align with job duties and change or remove access, as necessary.

District Response: The audit recommendation will be implemented.

Response explanation: The District will implement this recommendation and work with NAU-ETC to develop procedures and timely reviews of the accounting and network accounts.

Recommendation 22: Implement and enforce strong authentication controls that align with USFR requirements and credible industry standards 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 will implement this recommendation.

Recommendation 23: Develop and implement a formal process to review the District's authentication controls against credible industry standards at least annually.

District Response: The audit recommendation will be implemented.

Response explanation: The District will implement this recommendation.

Recommendation 24: Update its IT contingency plan to ensure it meets USFR requirements and credible industry standards.

District Response: The audit recommendation will be implemented.

Response explanation: The District will implement this recommendation. The district has updated the disaster recovery plan and continues to work with IT consultant NAU-ETC on these issues.

Recommendation 25: Develop and implement detailed, written procedures to annually review and update its IT contingency plan to ensure it meets USFR requirements and credible industry standards.

District Response: The audit recommendation will be implemented.

Response explanation: The District will implement this recommendation.