



Valley Academy for
Career and Technology Education

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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".

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.