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Performance Audit

Southwest Technical Education District of Yuma

District provided central CTE programs that aligned with workforce needs and effectively monitored its central program outcomes, but could improve its oversight of its 2 member districts’ spending and processes for collecting and validating outcome data. It also purchased food and beverages without required Board approval and did not comply with IT security requirements to limit system access and plan for contingencies.

Report 26-210
August 2026

Lindsey A. Perry
Auditor General

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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

August 31, 2026

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor

Governing Board
Southwest Technical Education District of Yuma

Thomas Tyree, Superintendent
Southwest Technical Education District of Yuma

Transmitted herewith is a report of the Auditor General, *A Performance Audit of Southwest Technical Education District of Yuma*, 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 with all the findings and plans to implement all 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 7 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 Tyree 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

Southwest Technical Education District of Yuma

Performance Audit

District provided central CTE programs that aligned with workforce needs and effectively monitored its central program outcomes, but could improve its oversight of its 2 member districts' spending and processes for collecting and validating outcome data. It also purchased food and beverages without required Board approval and did not comply with IT security requirements to limit system access and plan for contingencies.

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's central CTE programs provided training for high-need occupations, and the District evaluated the quality of its central programs using validated outcome data, such as certifications and placements earned by students. It also accurately reported these student outcomes to the Arizona Department of Education.

- For satellite CTE programs, the District did not ensure its 2 member districts used the monies it provided to supplement, rather than supplant, their CTE spending. It also did not provide member districts with consistent data-collection and reporting guidance nor use their outcome data to evaluate satellite program quality.

- District spent at least $1,450 on food and beverages without required Board approval, limiting public transparency and increasing the risk that the purchases may violate the State Constitution's gift clause.

- District provided excessive system access for some accounting system users, giving them the ability to initiate and complete transactions without another user's involvement, and it did not promptly disable unneeded or unused IT system user accounts. Additionally, the District's IT contingency plan lacked most key components, increasing the risk of disrupted operations and data loss.

Key recommendations to the District

- Develop and implement procedures to identify and address potential supplanting by member districts.
- Establish data-collection protocols for member districts to ensure they consistently collect, validate, and report accurate outcome data, and use this outcome data to evaluate satellite programs' effectiveness and identify any necessary changes.
- 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, such as restrictions imposed by various funding sources.
- Improve controls over IT systems by immediately disabling or removing unnecessary accounts; and by reviewing, limiting, and monitoring users' access to its accounting system to ensure users' system activities are authorized and appropriate.
- Update its IT contingency plan and develop procedures for annually testing and revising the plan to remedy any deficiencies identified during testing.

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TABLES

Southwest Technical Education District of Yuma—FYs 2025 and 2026

District information

The Southwest Technical Education District of Yuma (District) is a career and technical education district (CTED) 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 11 central programs with 351 enrollments and 29 satellite programs with 19,066 enrollments in fiscal year 2025.[2] See Appendix A, page a-1, for enrollment and spending information for central and satellite programs.

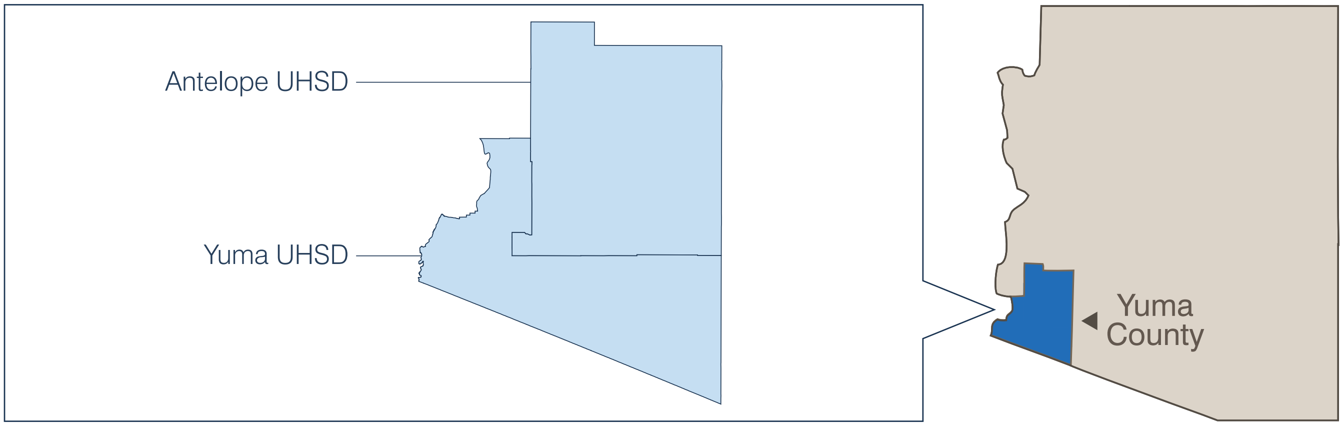
Key CTED terms

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.

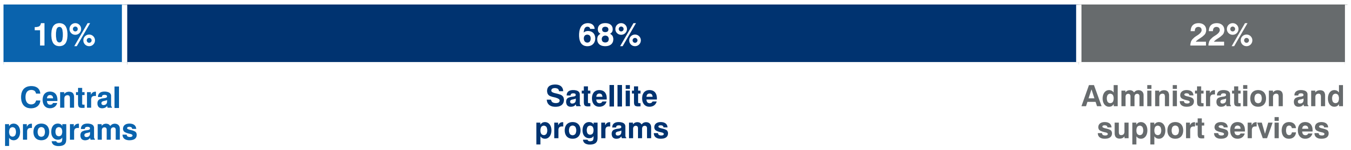
Location of CTED and member districts



1 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., Medical Assisting Services and Cosmetology and Related Services).

Fiscal year 2025 total spending—$8.7 million ($446 per enrollment)



Audit results summary

Central programs

District spent approximately $800,000 on its central CTE programs, including high-need programs such as Medical Assisting Services, and collected, validated, and accurately reported student outcome data for the central programs we reviewed

In fiscal year 2025, the District had 351 student enrollments in its central CTE programs. Many of these CTE programs were high-need State-wide or locally such as Medical Assisting Services and Heating, Ventilation, and Air Conditioning (see Appendix A, pages a-2 through a-4, for more information about the District's spending by central campus CTE program). Additionally, the District evaluated the quality of its central CTE programs by collecting, validating, and accurately reporting student outcomes data, such as certifications and placements earned by students, for the 3 central programs we reviewed.

Satellite programs

District distributed approximately $5.9 million to support satellite CTE programs in fiscal year 2025 but lacked processes to collect and monitor member districts' student outcomes and ensure they spent CTED monies to supplement their existing CTE spending in accordance with State law

In fiscal year 2025, the District provided approximately $5.9 million to its 2 member districts to support their satellite CTE programs. The satellite programs we observed appeared well-equipped, but the District did not ensure the monies it provided to its member districts were used to supplement, and not supplant, satellite CTE program spending (see Finding 1, page 4). Additionally, the District had not provided guidance to its member districts for consistently collecting, validating, and accurately reporting relevant outcome data or monitor this data to determine if its satellite programs effectively prepared students for high-need occupations (see Finding 1, page 4).

Administration and support services

District spent approximately $2 million on administration and support services in fiscal year 2025 but did not obtain advance Board approval for food purchases and had several IT deficiencies, increasing risks to the District

In fiscal year 2025, the District spent $2 million on administrative and support services, primarily for employee salaries and benefits and campus maintenance and renovations. Our review of the District's business office controls did not identify significant deficiencies in the areas we reviewed, including payroll, purchasing, cash-handling, credit card management and oversight, and travel reimbursements. However, the District lacked advance Board approval for food and beverage purchases totaling about $1,450, increasing the risk that the District may not have complied with various statutory and constitutional restrictions on providing food and beverages at District events (see Finding 2, page 7). Additionally, the District allowed excessive access to its sensitive computerized data and lacked some key components in its IT contingency plan, increasing the risk of data loss, errors, and fraud (see Finding 3, page 9).

District did not ensure monies it provided to its member districts were used to supplement CTE spending, provide data-collection and reporting guidance to member districts, or use outcome data to evaluate satellite programs, potentially impacting satellite program quality

State law requires Arizona CTEDs to evaluate and support member districts and their CTE programs and courses to ensure quality and compliance.[1] Our review identified 2 issues with the District's oversight of its 2 member districts and their compliance with State law and intergovernmental agreement (IGA) requirements related to spending and satellite program quality. See the details below.

Issue 1: District did not ensure monies it provided to its member districts were used to supplement, rather than supplant, their CTE spending, which could impact satellite program quality

The District could not demonstrate whether its 2 member districts used CTED monies only to supplement their own CTE spending in fiscal year 2025 because it did not ensure its member districts completed the required supplanting worksheets and provided them to the Arizona Department of Education (ADE) and the CTED Governing Board (Board), as required. Specifically, CTED member districts are required to provide the same level of financial support to CTE programs from their own resources as they had in the base year prior to joining the CTED.[2,3] To help ensure that member districts do not supplant their own spending with CTED monies, CTED member districts are required to annually complete worksheets that detail their annual spending for CTE programs, and member districts are required to submit these worksheets to ADE and the Board. The District's IGAs with its member districts require them to complete and submit these supplanting worksheets and supporting documentation to the District by October 15 each year.

Based on our review of fiscal year 2025 information available from ADE, 1 member district had complied with this reporting requirement, and 1 had not.[4] The member district that had not submitted any required supplanting information has been under a State-appointed receiver since 2023 to address financial mismanagement and risks. As such, this member district likely requires additional District oversight and support to comply with State requirements and to ensure the quality of its CTE programs.

1 Arizona Revised Statute (A.R.S.) §15-393(L)(10)(b).

2 A.R.S. §§15-393(D)(7) and (AA)(1).

3 For example, if a member district that spent $1,000 of non-CTED monies per student on CTE courses in its base year, after joining the CTED, reduced its spending of non-CTED monies to $700 per student for its CTE programs and used CTED monies to cover the remaining $300 per student that it previously spent on CTE courses with non-CTED monies, it potentially supplanted $300 in spending per student, contrary to State law.

4 Antelope Union High School District did not submit the required fiscal year 2025 worksheet to ADE or the Board.

Although State law and the District's IGAs with its member districts explicitly state the requirements to complete and submit supplanting worksheets, District officials reported being unaware of these requirements and the necessity of their monitoring compliance. Member districts that use CTED funding to supplant rather than supplement their CTE spending may reduce the resources, such as equipment and supplies, necessary for maintaining quality CTE programs. By not monitoring member districts for potential supplanting and enforcing the terms of its IGAs, the District increased the risk that supplanting could occur and remain unaddressed. When we brought this issue to the District's attention during the audit, officials stated that the District would update its procedures to ensure it complies with State law and IGA requirements to monitor potential member district supplanting.

Additionally, our review of the District's IGAs found that although the IGAs state that supplanting worksheets and supporting documentation must be submitted to the District each year, they contain outdated information and do not direct member districts to relevant supplanting worksheet information. Specifically, the required supplanting worksheet and instructions currently in effect were established in September 2017. However, the Districts' IGAs refer member districts to USFR Memorandum 219, which has not been in use for approximately 9 years. When we brought this issue to the District's attention during the audit, District officials indicated the District would update its IGAs with member districts to remove references to outdated guidance.

Issue 2: District did not provide consistent guidance to its member districts for collecting, validating, and reporting outcome data and did not use outcome data to evaluate satellite program quality

Arizona CTEDs were established to provide high school CTE programs that, according to State law, should prepare students for high-need occupations 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.[5,6] Federal and State programs have established CTE program accountability measures related to key outcomes of CTE program students, such as postgraduation employment and industry certifications earned, that provide important information about whether CTE programs are effective in meeting their statutory purpose. Accordingly, robust data-collection and validation processes are necessary to provide accurate data about program quality. Additionally, complete and valid data is needed to help CTEDs and their member districts identify high-performing or underperforming CTE programs and ensure CTED monies and other resources are allocated most effectively.

Although we found that the District had developed processes to validate and accurately report the outcome data it collected for the central programs we reviewed, it did not monitor its member districts' data collection efforts and provide consistent guidance to ensure member districts also collected and reported accurate outcome data. As a result, data-collection practices varied between the 2 member districts. Based on our review, 1 member district had developed

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5 A.R.S. §§15-781, 15-391.

6 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 [C]TEDs and implementing accountability measures to the programs was an important priority of members of the Arizona House of Representatives."

processes to validate the placement data it collected and reported to ADE, but the member district that is currently in receivership had not. For example, the member district did not review student-reported placements to determine whether they appeared reasonably related to students' completed CTE programs. Again, given this member district's receivership status, it likely needs additional guidance from the District to fulfill its responsibilities.

By not ensuring that its member districts consistently collected complete and accurate outcome data, the District increased the risk that information available to stakeholders did not accurately reflect whether its CTE programs were effective in preparing students for entry into high-need occupations. Additionally, District officials reported that they do not have a process for using relevant outcome data to evaluate satellite CTE programs. By not doing so, the District increased the risk that it may not identify underperforming programs that require adjustment or may warrant discontinuation. When we brought these issues to District officials' attention, officials reported they would develop guidance to ensure member districts consistently collect, validate, and accurately report outcome data. They also indicated that they would develop processes for using relevant outcome data to ensure the District's satellite programs are effectively preparing students for high-need occupations.

Recommendations to the District

1. Ensure its IGAs with member districts are up to date, including by adding references to the CTED instructions and supplanting worksheet member districts are required to complete and removing the outdated references to USFR Memorandum 219.

2. Develop and implement procedures to identify and address possible supplanting by requiring member districts to timely submit all required CTED supplanting worksheets and supporting documentation to the District, the Board, and ADE; reviewing the worksheets; and taking appropriate action when potential supplanting is identified.

3. Develop and implement data-collection protocols for member districts' satellite CTE programs and a monitoring process to ensure member districts consistently collect, validate, and report accurate outcome data, including student certifications earned and post-graduate job placements.

4. Analyze satellite CTE program outcome data to evaluate its satellite 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 identify and make any necessary program changes.

District response: As outlined in its **response**, the District agrees with the finding and will implement the recommendations.

District spent at least $1,450 on food and beverages without required Board approval, limiting public transparency and increasing the risk that the purchases may violate the State Constitution's gift clause

Contrary to State law, the District did not obtain Board approval in advance for food and/or beverages provided at District events

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.[1,2] Governing boards are responsible for directly approving such expenditures unless they establish policies that delegate this authority and specify board-approved spending parameters. However, we found that the District did not obtain the Board's advance approval for all 12 food and beverage purchases totaling $1,485 that we identified from our review of the District's July 2025 through March 2026 expenditures and supporting documentation such as credit card statements. The food purchases that lacked prior Board approval included $440 for a teacher in-service training, $390 for an Association for Career Technical Education of Arizona luncheon, and $276 for 3 CTE program advisory meetings.[3]

District provided food and beverages at District events without ensuring the purchases complied with statutory requirements and the gift clause.

District officials indicated being unaware of the need for specific Board approval for each event. District officials further indicated the Board had delegated to District leadership the authority to provide food and beverages at District events through specific contract language included in administrators' contracts, but we found this language was not included in administrators' contracts as the District contended. The contracts we reviewed specified that the District may provide food and beverages to employees at certain events as an incidental benefit, but such a provision does not specifically authorize administrators to make 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 the 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 used for other District priorities.

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1 A.R.S. §15-342(39).

2 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.

3 The District used Maintenance and Operations Fund monies for all 12 food and beverage purchases we reviewed.

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.[4] 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 12 food and beverage purchases we reviewed had evidence to demonstrate the District's compliance with these requirements, such as a statement of public purpose for providing food and beverages, an evaluation of the costs relative to the benefits the District received, and 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. When we brought these issues to the District's attention, officials developed procedures to present proposed food and beverage purchases to the Board for advance approval, which included providing information about the events where food and beverages would be provided as well as estimates of the number of attendees and total amount to be spent at the events.

Recommendation to the District

If the District determines that it is appropriate to purchase food and beverages using public monies, it must:

5. 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 for any Board-approved food or beverage purchases, including by 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 agrees with the finding and will implement the recommendation.

[4] 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).

District's excessive access to its sensitive computerized data and incomplete contingency plan increased the risk of unauthorized access to sensitive information, disrupted operations, data loss, errors, and fraud

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

The *Uniform System of Financial Records for Arizona School Districts* (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.[1,2] However, our review of the District's IT security practices identified 3 deficiencies, including noncompliance with USFR requirements and practices inconsistent with credible industry standards. See the details below.

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

The District did not limit user access to its accounting system and network as required by the USFR.

Specifically:

- **Contrary to the USFR, District granted 1 user more access than necessary to perform their assigned job duties**

  The USFR requires that school districts limit users' access to only what is necessary to carry out their assigned duties. However, our May 2026 review of accounting system access levels for the District's 21 active user accounts found 1 user had the ability to initiate and complete payroll transactions without another employee reviewing and approving the transactions. When we asked District officials why this employee required this level of access within the District's accounting system, officials indicated that it was due to the District's small number of business office employees. However, when reducing users' system access levels is not possible because of staffing levels, credible industry standards recommend that districts implement compensating controls, such as additional management reviews, to mitigate the risks associated with broad system access, which

1 The Arizona Auditor General and ADE developed the USFR pursuant to 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.

2 National Institute of Standards and Technology (NIST). (2020). *NIST Special Publication 800-53(R5): Security and privacy controls for information systems and organizations.* Retrieved 6/22/26 from https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST/SP800-53r5.pdf

the District had not done.[3] Although we did not identify any improper activity due to this deficiency, limiting this user's access or, alternatively, providing additional management reviews when access cannot be limited is important because broad system access increases the District's risk of unauthorized activities, errors, and fraud.

District did not promptly disable or remove unneeded or unused accounts from its IT systems

We also found that the District did not comply with the USFR requirement to immediately disable system access when it is no longer needed. Specifically, our June 2026 review of user accounts on the District's network identified 2 accounts associated with terminated employees and 2 accounts that no longer needed network access. The terminated employee accounts we identified were still active between 1 month and nearly 2 years after the employees no longer worked for the District, and 1 user account was accessed 1 month after the associated employee left District employment. District officials indicated that the District had not disabled or removed the network accounts we identified because the accounts contained information the District needed.

Table 1

District did not meet USFR requirements to restrict user access to its network and accounting system

Requirements	Accounting system	Network	Summary
Limit the number of users with administrator-level access	✗	✓	We identified 1 accounting system administrator account that did not require this level of access.
Disable/remove accounts that no longer need access	✓	✗	We identified at least 2 network accounts that were no longer needed.
Adequately remove terminated employees' access	✓	✗	We identified at least 2 network accounts that were associated with 2 terminated employees.

Source: Auditor General staff analysis of June 2026 District network and accounting system accounts and May 2026 accounting system access levels.

[3] The USFR requires that school districts limit users' access to information and restrict the types of access to only what is necessary for users to carry out their assigned duties. When that is not possible, credible industry standards recommend that entities implement compensating controls to reduce risks associated with broad system access and provide suitable security and privacy protections to facilitate risk management. See NIST. (2020). *NIST Special Publication 800-53B: Control baselines for information systems and organizations*. Retrieved 6/26/26 from https://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53B.pdf

Additionally, we identified 1 accounting system user account with administrator-level access that was no longer needed, which District officials were not aware of when we brought it to their attention during the audit. In June 2026, the District reported it would correct the deficiencies we identified related to network and accounting system user accounts.

Deficiency 2: District did not monitor external party access to its accounting system, increasing the risk of unauthorized access to sensitive information, data loss, errors, and fraud

Our May 2026 review of accounting system user access levels identified 3 County users with broad accounting system access that allowed these users to initiate and complete payroll and purchasing transactions without another user reviewing and approving the transactions.[4] District officials indicated that these users no longer required this level of access and that they would limit these users' access. Additionally, we identified 6 vendor employees with active administrator-level access. District officials indicated that these users' external access was necessary due to the vendor providing technical and/or financial support services to the District. However, the District had not implemented processes to regularly monitor third-party users' accounting system activity to ensure it was authorized and appropriate. As previously described, administrator-level and broad system access increases the District's risk of errors and fraud going undetected as well as the risk of unauthorized access to and loss of sensitive District data.

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

Our May 2026 review of the District's IT contingency plan found that it lacked most key elements 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. For example, the District's plan did not specify the order in which critical systems should be restored, clearly outline who is responsible for which activities during a system outage or attack, or contain contingencies for continued business operations during a system outage. Additionally, we found the District had not tested its plan, which is critical for identifying and addressing any plan deficiencies and ensuring the District can effectively respond to system outages. District officials indicated that its IT contingency plan was missing most key components and had not been tested because there was miscommunication regarding which employee was responsible for completing, testing, and updating the plan. When we brought these issues to District officials' attention during the audit, they stated they had assigned an employee to be responsible for updating and testing the plan and would present the updated plan to the Governing Board for approval. By lacking a comprehensive contingency plan aligned with the USFR and credible industry standards and not testing or updating the plan, the District increased its risk of extended disruptions to its operations and data loss.

4 The County users were associated with employees of the Yuma County School Superintendent's Office, which the District indicated provides certain IT support services to the District.

Recommendations to the District

6. Limit users' access in the accounting system to only those functions needed to perform their job duties.
7. Immediately disable or remove all accounting system and network accounts that are no longer needed, including those associated with terminated employees.
8. 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.
9. Implement effective controls to monitor external users' accounting system activities, such as a process to regularly review transactions and activity logs, to ensure these users' system activities are authorized and appropriate.
10. Update its IT contingency plan to ensure it meets USFR requirements and credible industry standards.
11. 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; perform documented tests against the plan at least annually to identify and remedy any deficiencies; and update the plan based on the test results.

District response: As outlined in its **response**, the District agrees with the finding and will implement the recommendations.

The Arizona Auditor General makes 11 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 3 — 9

6. Limit users' access in the accounting system to only those functions needed to perform their job duties. **12**

7. Immediately disable or remove all accounting system and network accounts that are no longer needed, including those associated with terminated employees. **12**

8. 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. **12**

9. Implement effective controls to monitor external users' accounting system activities, such as a process to regularly review transactions and activity logs, to ensure these users' system activities are authorized and appropriate. **12**

10. Update its IT contingency plan to ensure it meets USFR requirements and credible industry standards. **12**

11. 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; perform documented tests against the plan at least annually to identify and remedy any deficiencies; and update the plan based on the test results. **12**

In addition to the 3 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 7 recommendations. We will follow up on the status of these 7 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 nearly $9.5 million in revenues generated from student enrollments in satellite programs and spent approximately $5.9 million on allocation payments to its member districts. In addition to the District's spending for satellite programs shown in Table 2, member districts spent nearly $7.9 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
Yuma Union High School District	$5,772,219	18,710	$309
Antelope Union High School District	94,318	356	265
Total	**$5,866,537**	**19,066**	**$308**

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., Medical Assisting Services and Cosmetology and Related Services).

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 $10,000 on instructional spending that was not associated with a specific central CTE program, primarily for instructional software used for 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
Medical Assisting Services	Prepares students to provide medical office administrative services and perform clinical duties such as patient intake and care.	$362,977	130	$2,792
Cosmetology and Related Services	Prepares students to help others care for their hair, skin, and nails.	255,814	74	3,457
Digital Animation	Prepares students to use computer applications and related visual and sound imaging techniques to create animations and other visual effects for television, movies, video games, and other media.	110,909	24	4,621
Homeland Security	Prepares students to plan and conduct operations dedicated to the protection of U.S. territory, assets, infrastructure, institutions, and citizens from external threats.	59,711	24	2,488

Table 3 continued

CTE program name	CTE program description	Spending	Student enrollments	District spending per enrollment
Business Management	Prepares students to plan, organize, direct, and control the functions and processes of a firm or organization.	8,076	19	425
Office Administration	Prepares students to supervise and manage the operations and personnel of business offices and management-level divisions.	6,552	50	131
Drafting CAD Technology	Prepares students to apply technical skills and advanced computer software and hardware to the creation of graphic representations and simulations in support of engineering projects.	6,315	12	526
Heating, Ventilation and Air Conditioning	Prepares students to apply technical knowledge and skills to repair, install, service, and maintain the operating condition of heating, air conditioning, and refrigeration systems.	2,293	6	382
Electric Technology	Prepares students to apply basic engineering principles and technical skills in support of electrical, electronics, and communication engineers.	1,532	4	383

Table 3 continued

CTE program name	CTE program description	Spending	Student enrollments	District spending per enrollment
Network Security	Prepares students to assess the security needs of computer and network systems, recommend safeguard solutions, and manage the implementation and maintenance of security devices, systems, and procedures.	1,416	6	236
Precision Machining	Prepares students to conduct precision manufacturing by using machining principles, developing technical skills, and implementing production planning.	156	2	78
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 for instructional software used for multiple programs.	10,377	351	30
Total		**$826,128**	**351**	**$2,354**

Source: Auditor General staff analysis of ADE's CTE program descriptions and fiscal year 2025 enrollment data, the District's course catalog, 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 19,417 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.	$800,213	$41
Other support services	Primarily includes spending for facility maintenance and renovations and insurance payments.	612,641	32
Instruction support and student support services	Primarily includes salaries and benefits for support staff.	553,214	28
Total		**$1,966,068**	**$101**

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 years 2025 and 2026 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 ensured that monies paid to member districts were used to supplement and not supplant base year spending on CTE satellite programs in accordance with State law, and if the District ensured its member districts complied with related IGA requirements, we reviewed fiscal year 2025 supplanting worksheets member districts provided to ADE and the District's IGAs with its 2 member districts.

- 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 CTE performance measure reports and District- and member district-provided CTE program outcome data and supporting documentation, including postgraduation placements and industry credentials earned by students. We also reviewed documentation related to the District's oversight of its and member districts' CTE programs to determine if the District used the outcome data it and its member districts collected to evaluate its programs' effectiveness in preparing students for high-need occupations.

- To determine whether the District's food and beverage purchases complied with statutory requirements for making such purchases, we reviewed District-provided accounting data, credit card transaction data, and associated supporting documentation for food and beverage purchases the District made during fiscal year 2026. In total, we identified and reviewed 12 food and beverage purchases the District made in fiscal year 2026 totaling $1,485.

Financial accounting data and internal controls

We completed work to assess internal controls, including controls over payroll, purchasing, credit cards, and travel reimbursements. 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 credible IT industry standards. Specifically, we judgmentally selected and reviewed supporting documentation for 9 of 1,131 fiscal year 2026 to-date as of March 2026 accounts payable transactions to ensure the payments were authorized and in accordance with USFR requirements. Further, to determine whether the District paid its employees in accordance with its Board-approved employment contracts and agreements and USFR requirements, we judgmentally selected 8 of 23 fiscal year 2026 employees and reviewed supporting documentation for payments the District made to these employees during the fiscal year.

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 3 (see pages 9 through 12).

Specifically:

- To determine whether the District appropriately limited accounting 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 had appropriately limited user access to its network, we compared the District's network user listings with a list of terminated District employees whose District employment ended between May 2024 and April 2026 to identify accounts potentially associated with terminated employees. Additionally, to identify network user accounts not associated with a current or terminated District employee, we compared the District's network user listing to a list of current employees as of May 2026 and the previously mentioned terminated employee list to identify accounts not associated with users on either list. From these identified accounts, we judgmentally selected and reviewed 11 of 524 network accounts to determine whether the accounts were associated with individuals not currently employed by the District.

- 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.

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.

STEDY

Thomas C. Tyree, Superintendent

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August 19, 2026

Lindsey A. Perry, CPA, CFE
Arizona Auditor General
2910 N 44th St, Ste 410

Re: Response to Performance Audit Report – Southwest Technical Education District of Yuma (STEDY)

Dear Auditor General Perry:

On behalf of the Governing Board and Administration of the Southwest Technical Education District of Yuma (STEDY), please accept our response to the performance audit recently completed. We have carefully reviewed the performance audit report and its recommendations.

STEDY's administration and governing board agree to the audit's findings and recommendations. We recognize the important role audits play in promoting accountability, transparency, and our responsibility in appropriately managing the resources our community and state provide to us. The district has and will implement meaningful actions to ensure fiscal management, transparent governance and continued organizational improvement. The Southwest Technical Education District of Yuma maintains its commitment to providing high-quality educational opportunities for our students and the community we serve in a manner that strengthens our internal controls, policies, and administrative practices.

In conclusion, we want to express our appreciation for the professionalism, courtesy, and collaboration demonstrated throughout the performance audit process. We thank you for your efforts in evaluating the District's operations.

Respectfully submitted,

Thomas C. Tyree
Superintendent

Finding 1: District did not ensure monies it provided to its member districts were used to supplement CTE spending, provide data-collection and reporting guidance to member districts, or use outcome data to evaluate satellite programs, potentially impacting satellite program quality

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

Response explanation: The District fully acknowledges the statutory requirement that all monies provided to member districts to be used to supplement and not supplant base year spending on Career and Technical Education (CTE programs, as outlined in A.R.S. 15-393. The District is committed to upholding the integrity of this requirement and working with its member districts to ensure compliance. To strengthen oversight and compliance moving forward, STEDY will review base-year CTE spending data for each member district and compare it annually to current-year spending to indemnify any potential supplanting.

Recommendation 1: Ensure its IGAs with member districts are up to date, including by adding references to the CTED instructions and supplanting worksheet member districts are required to complete and removing the outdated references to USFR Memorandum 219.

District Response: The audit recommendation will be implemented.

Response explanation: The District will work with its legal counsel to review and revise its Intergovernmental Agreements (IGA's) with its member districts to ensure they reflect the current statutory requirements and reporting obligations. Specifically, the updated IGAs will replace references to USFR Memorandum 219 with a requirement that all member districts annually complete and submit the CTED supplanting worksheet. These updates will help ensure consistent compliance and accurate reporting of Career and Technical Education program expenditures across all member districts.

Recommendation 2: Develop and implement procedures to identify and address possible supplanting by requiring member districts to timely submit all required CTED supplanting worksheets and supporting documentation to the District, the Board, and ADE; reviewing the worksheets; and taking appropriate action when potential supplanting is identified.

District Response: The audit recommendation will be implemented.

Response explanation: In accordance with A.R.S. §15-393, all CTED member districts are required to complete and submit the Worksheet for Determining the Appearance of Supplanting with CTED monies to both the CTED's Governing Board and the Arizona Department of Education. STEDY will issue a formal reminder memo to all member districts by October 1st each year. This memo will outline statutory requirements and instruct districts to submit their completed supplanting worksheet and supporting documentation to STEDY for presentation to the Governing Board. STEDY will review each worksheet to assess for any indication of supplanting. If supplanting is identified, STEDY will work with the member district to determine the root cause and develop a corrective action plan. This plan outlines steps to ensure future compliance and proper use of CTED funds. Through the process, STEDY ensures compliance with state law, reinforces financial accountability, and supports member districts in maintaining the integrity of their CTE programs.

Recommendation 3: Develop and implement data-collection protocols for member districts' satellite CTE programs and a monitoring process to ensure member districts consistently collect, validate, and report accurate outcome data, including student certifications earned and post-graduate job placements.

District Response: The audit recommendation will be implemented.

Response explanation: The District agrees with the recommendation and has developed data-collection protocols for member districts' satellite CTE programs. The District will work with member districts to implement these protocols and a monitoring process to promote consistent collection, validation, and reporting of accurate student outcome data, including certifications earned and post-graduate job placements.

Recommendation 4: Analyze satellite CTE program outcome data to evaluate its satellite 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 identify and make any necessary program changes.

District Response: The audit recommendation will be implemented.

Response explanation: The district agrees and will work with member districts to develop a process to analyze satellite CTE outcome data, evaluate program effectiveness and alignment with high-need occupations, and identify necessary program improvements.

Finding 2: District spent at least $1,450 on food and beverages without required Board approval, limiting public transparency and increasing the risk that the purchases may violate the State Constitution's gift clause

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

Response explanation: The District has a longstanding commitment to transparency, accountability, and compliance. Consistent with that commitment, the district has implemented a new process to include an item on the board agenda to approve all events that will include food purchased by the district. The Board is also making changes to Policy 3-103 Expenses and Payroll and Procedures for 3-103 – Food and Beverages Expenses.

Recommendation 5: If the District determines that it is appropriate to purchase food and beverages using public monies, it must 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 for any Board-approved food or beverage purchases, including by 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 the board agenda to approve all upcoming events that will include food purchased by the district.

Finding 3: District's excessive access to its sensitive computerized data and incomplete contingency plan increased the risk of unauthorized access to sensitive information, disrupted operations, data loss, errors, and fraud

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

Response explanation: The District has taken all steps to ensure appropriate access is given based on their job duties and will continue to improve deficiencies and vulnerabilities.

Recommendation 6: 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 continuously monitor access to the accounting system and modify as necessary. Protocols are in place to ensure compliance.

Recommendation 7: Immediately disable or remove all accounting system and network accounts that are no longer needed, including those associated with terminated employees.

District Response: The audit recommendation will be implemented.

Response explanation: The District will improve the process for account termination when an employee leaves the district. The District has implemented an exit form, requiring department heads to sign off. The District has immediately disabled and removed all terminated users.

Recommendation 8: 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 develop and implement written procedures that includes review of accounting system and network access biannually.

Recommendation 9: Implement effective controls to monitor external users' accounting system activities, such as a process to regularly review transactions and activity logs, to ensure these users' system activities are authorized and appropriate.

District Response: The audit recommendation will be implemented.

Response explanation: The District will implement the recommendation. The Education Technology Consortium (ETC) hosts STEDY's accounting system and retains access to perform essential functions such as training, troubleshooting, and system updates while the County finalizes and posts AP, Payroll, Revenue and prints all school warrants. However, the District acknowledges the importance of external controls and has followed up with the parties to request a review of current user roles and access levels. The District will implement a process to regularly review external access users to establish effective controls. These measures will help mitigate risks associated with unauthorized access and errors. It is important to note that the Auditor General did not report or identify any instances of fraud.

Recommendation 10: 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: STEDY's Director of Information Technology has been actively working to strengthen IT security and contingency planning efforts. While we currently maintain a foundational IT contingency plan including basic system recovery procedures, we recognize the need to align more closely with USFR requirements and industry's best practices. We are committed to further developing our contingency planning framework as part of a broader effort to improve IT governance and security across the organization.

Recommendation 11: 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; perform documented tests against the plan at least annually to identify and remedy any deficiencies; and update the plan based on the test results.

District Response: The audit recommendation will be implemented.

Response explanation: The District will implement the recommendation. We are committed to further developing our contingency planning framework as part of a broader effort to improve IT governance and security across the organization.