Western Maricopa Education Center

Report 2 of 2

Initial Followup of Performance Audit Report 25-208

The September 2025 Western Maricopa Education Center Performance Audit found that the District spent approximately $200,000 on a sponsorship agreement and for entertainment, food, membership dues, and other events that do not appear to align with its primary responsibility of providing CTE programs, including some spending that may have violated the State's gift clause. We made **9** recommendations to the District.

District's status in implementing 9 recommendations

Implementation status	Number of recommendations
Implemented	4 recommendations
Implemented in a different manner	1 recommendation
In process	4 recommendations

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

Recommendations to the District

Finding 1: District's spending for a $155,000 Phoenix Raceway sponsorship appears wasteful, may have violated the State's gift clause, and has not yielded intended benefits for students

1. In consultation with legal counsel, as necessary, the District should determine whether the District's distribution of any Phoenix Raceway (Raceway) event tickets resulted in a gift of public monies in violation of the Arizona Constitution's gift clause, and in what amount, if applicable.

- Status: **Implemented at 6 months.**

  The Arizona Attorney General's Office (Attorney General) requested in November 2025 that the District provide an assessment of possible gift clause violations and a description of the actions the District has taken or would take to remedy any violations and/or prevent future problematic expenditures. The Attorney General's request came after our September 2025 performance audit report, which found several issues with the District's Raceway sponsorship agreement, including that District employees and industry partners received VIP lounge tickets for 2 Raceway events that provided free food and alcohol. We found that the District could not support that it had received a benefit in exchange for providing these tickets to employees and industry partners and lacked information to support that its Raceway sponsorship met its stated purpose.

  During the audit and after we brought these issues to the District's attention, District officials reported declining the Raceway tickets it was entitled to receive as part of its sponsorship agreement for the final 3 Raceway events. However, as we reported in the performance audit, District officials did not indicate that they had sought to reduce the District's financial obligation despite requesting to no longer receive Raceway event tickets with an estimated value of at least $10,000 per sponsored event. The District's sponsorship agreement with the Raceway ended in November 2025, and as of August 2026, the District had not renewed the agreement.

  In response to the Attorney General's request, the District provided information describing actions it had taken to assess its past Raceway sponsorship expenditures and procedures it had developed to avoid future problematic spending. For instance, the District indicated it planned to fully evaluate the costs and benefits of future agreements before entering into them. The District's response to the Attorney General also included information that the District did not provide for our review during the performance audit. For example, the District provided the Attorney General with detailed estimates of the value of its advertising at sponsored Raceway events. The information the District provided to the Attorney General was neither determined prior to the District entering the sponsorship agreement nor provided to us during the audit. As part of its review, the Attorney General noted that absent any evidence to refute the District's calculations for the value the sponsorship provided to the District, the Attorney General concluded that the cost to the District did not far exceed the value the District received. However, because the District did not provide the information related to the value of the advertising for our review during the audit, we were unable to assess how the District estimated the value of the advertising it received and whether its estimates appeared reasonable.

Based on the information the District provided, including the information the District did not provide to us during the audit, the Attorney General concluded that the District had taken adequate steps to evaluate its potential gift clause violations and it did not plan to take further action. The Attorney General's decision to decline taking further action appears to be based on the District's after-the-fact analysis of its $155,000 Raceway sponsorship agreement and its promised future actions that include staff training and new procedures. The Attorney General formally notified the District and our Office in June 2026 of its determination to close its investigation.

2. Upon determining whether its distribution of any Raceway event tickets resulted in a gift of public monies in violation of the Arizona Constitution's gift clause, the District should report its determination and the rationale supporting its determination to the Arizona Attorney General's Office.

- Status: **Implemented at 6 months.**

See explanation for recommendation 1.

3. The District should develop and implement procedures to evaluate the costs and benefits of any ongoing and/or future sponsorship agreements to ensure that the benefits received are cost-effective and align with the District's public purpose and benefits.

- Status: **Implementation in process.**

The District developed procedures, including a formal evaluation tool, to evaluate and document the costs and benefits of sponsorships or other organizational memberships and whether they are determined to be beneficial to the District. The evaluation tool considers the total cost of a potential sponsorship, membership, or event and the public purpose and anticipated benefits, such as brand visibility, community engagement, student support, industry partnerships, and professional development. The evaluation tool also requires the District to provide details about the expected return on investment and how the spending is aligned with District goals. As discussed in recommendation 1, as of August 2026, the District no longer had a sponsorship agreement with the Raceway, and the District had not entered into any additional sponsorship agreements since the audit that required the use of its newly developed evaluation tool. We will assess the District's efforts to implement this recommendation at a future followup after the District has used its formal evaluation tool.

Finding 2: District spent more than $27,000 on entertainment, food, and beverages, which may have violated the Constitution's gift clause and was contrary to Board-authorized guidelines intended to prevent waste, abuse, and gifts of public monies

4. In consultation with legal counsel, as necessary, the District should determine whether any of the District's food and beverage or entertainment purchases resulted in a gift of public monies in violation of the Arizona Constitution's gift clause, and in what amount, if applicable.

- Status: **Implemented at 6 months.**

In consultation with its legal counsel, the District determined that its past food and beverage purchases were not gifts of public monies. Additionally, as discussed in recommendation 1, the Attorney General notified the District and our Office in June 2026 of its determination to close its investigation related to potential gift clause violations based primarily on the District's proposed procedures for preventing future problematic expenditures. The Attorney General's investigation was related to the $155,000 Raceway sponsorship and $27,000 that the District spent for entertainment, food, and beverages. Our performance audit found that the District could not demonstrate a public purpose for its fiscal years 2022 and 2023 entertainment purchases, and its spending for food and beverages either did not comply with Board-authorized spending limits or lacked sufficient documentation to show the spending was for allowable purposes. In consultation with its legal counsel, the District determined that it would update its processes for approving food, beverage, and entertainment purchases going forward and reported this determination and planned actions to the Attorney General in January and March 2026.

The Attorney General noted that without proper documentation of its past expenditures, it was not clear that the District's food, beverage, and entertainment expenditures had a public purpose or whether the value received by the public was not far exceeded by the consideration paid. Accordingly, the Attorney General focused its review on the District's proposed procedures. As part of its review of the District's planned procedures to avoid problematic spending, the Attorney General's determination assumed that the District's proposed process for approving food and beverage purchases would consider any relevant Board-approved per person spending limits. The Attorney General's review found that by implementing the District's proposed procedures, the District would be better positioned to avoid potential misuse of public monies on food, beverages, and entertainment.

5. Upon determining whether any of its food or beverage or entertainment purchases resulted in a gift of public monies in violation of the Arizona Constitution's gift clause, the District should report its determination and the rationale supporting its determination to the Arizona Attorney General's Office.

- Status: **Implemented at 6 months.**

See explanation for recommendation 4.

6. The District should immediately stop providing food and beverages for purposes and in amounts that are not in compliance with Board authorization and/or the State's gift clause.

- Status: **Implementation in process.**

The District continued to provide food and beverages to employees and nonemployees at various events while working to address the concerns we identified during the audit. We found that the District spent at least $11,163 to provide food and beverages at 26 District events held between July and December 2025. The District reported developing procedures to ensure that its food and beverage purchases comply with gift clause requirements, and in January and March 2026, District officials provided the District's updated procedures for food and beverage purchases to the Attorney General for its review. The Attorney General's review found that by implementing the District's proposed procedures, the District would be better positioned to avoid potential misuse of public monies on food, beverages, and entertainment.

The Attorney General's determination assumed that that District's proposed procedures for approving food and beverage purchases would consider any relevant Board-approved, per person spending limits. However, the Board has not set limits, such as per person spending limits for employees and/or nonemployees for fiscal year 2026. Additionally, the District's proposed procedures do not require the Board to approve specific food and beverage purchases as required by State law. Instead, the District's process leaves these decisions to business office staff. During this followup, we found that the District did not obtain specific Board approval for the food and beverage purchases we reviewed, including $1,745 spent to host 6 staff meetings, $1,137 for 3 professional development events, and $900 for a superintendent advisory council meeting that included nonemployees.

According to District officials, the Board's approval is evidenced by the language within its employment contracts that indicates the District may provide incidental food and beverages to employees at mandatory staff meetings as part of employees' compensation. However, such a provision does not specifically authorize administrators to make such purchases nor set any limits to ensure that food and beverage purchases comply with the various statutory restrictions. Therefore, the contract provision is inadequate to demonstrate Board approval for the specific food and beverage purchases we reviewed.

Further, such language within employment contracts does not address events at which the District provides food and beverages to nonemployees, such as the superintendent advisory council meeting previously described. During this event, the District provided food and beverages to 9 District staff and 29 nonemployees, none of whom had a contract with the District that included the relevant provision. The District's documentation for this food purchase indicated that the meeting included a tour of the District's newly constructed Career Academy at Agua Fria High School and that the nonemployees included local industry partners, individuals representing chambers of commerce, and local and State government employees.

Accordingly, although the District has taken steps to address this recommendation, additional actions are needed to ensure the District's provision of food and beverages comply with gift clause requirements and State laws. We will assess the District's efforts to implement this recommendation at the 24-month followup.

7. The District should develop and implement policies and procedures to ensure all food and beverage purchases meet Board-authorized purposes and are within board-authorized amounts to prevent potential violations of the State's gift clause.

- Status: **Implementation in process.**

See explanation for recommendation 6. We will assess the District's efforts to implement this recommendation at the 24-month followup.

Finding 3: District wasted more than $18,500 of public monies by paying more than necessary for membership dues and for staff to attend golf tournaments and an awards dinner, reducing monies available for other District priorities

8. Prior to renewing its membership in WESTMARC, the District should evaluate the costs and benefits of the membership levels available, including considering the lower-cost nonprofit/K-12 membership level, to ensure the membership is cost effective and aligns with the District's public purpose for the spending.

- Status: **Implemented in a different manner at 6 months.**

Although the District opted for a $10,000 WESTMARC "Premier Partner" membership level in fiscal year 2026, rather than the $500 membership available to public schools, it did not pay for its membership using public monies. Instead, the West-MEC Alliance, a nonprofit organization that supports the District, paid for the District's membership in accordance with the plan the District provided to the Attorney General in March 2026. Based on a review of the District's plan, the Attorney General concluded, "We understand that, going forward, West-MEC will *not* use public monies to pay its WESTMARC membership fees or for WESTMARC activities that are not in furtherance of the educational mission of the District. Instead, in 2026 and going forward, those fees will be paid by the West-MEC Alliance, a separate 501(c)(3) foundation associated with the District. Likewise, the District will ensure the costs for personnel to attend non-educational events like dinners and golf tournaments are not paid with public funds. This approach will also help avoid some of the concerns associated with District officials' or employees' use of Phoenix Raceway event tickets discussed above."

9. To help prevent wasteful spending and ensure the District's use of public monies is allowable and appropriate, prior to paying for any participation in any paid WESTMARC events, the District should document each event's public purpose and the benefits the District expects to receive relative to the event's cost.

- Status: **Implementation in process.**

  As discussed in recommendation 3, the District developed a tool to evaluate and document the costs, benefits, and public purpose of certain types of expenditures, including memberships and events. However, the District had not begun using the evaluation tool when it spent $1,685 to attend the various WESTMARC events in fiscal year 2026, including a legislative breakfast and panels discussing water and housing issues. District officials reported that going forward that it would use its evaluation tool when considering paying for other events, such as registration to WESTMARC's Best of the West event. We will assess the District's efforts to implement this recommendation at the 24-month followup.