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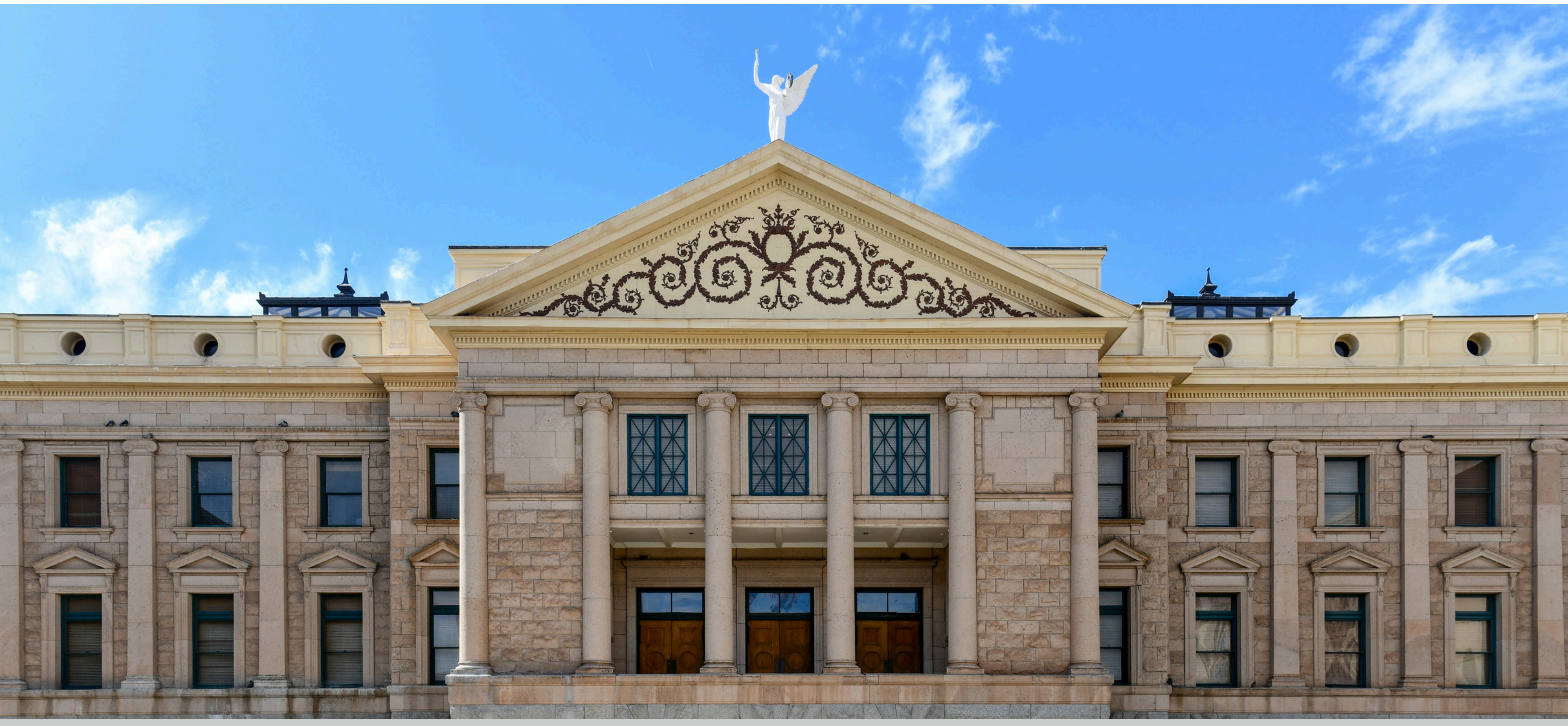
Sunset Review

Arizona State Schools for the Deaf and the Blind

The Arizona State Schools for the Deaf and the Blind had multiple operational, financial, educational, and compliance issues, potentially impacting student/staff safety and educational quality, reducing monies available for its operations, and limiting transparency about its future operations



Report 26-116
September 2026

Lindsey A. Perry
Auditor General

Arizona Auditor General's mission

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

The Joint Legislative Audit Committee

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

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ARIZONA
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Lindsey A. Perry, Auditor General

September 28, 2026

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor

Superintendent Reichman
Arizona State Schools for the Deaf and the Blind

Transmitted herewith is a report of the Auditor General, *A Sunset Review of the Arizona State Schools for the Deaf and the Blind*. This report is in response to a December 10, 2024, resolution of the Joint Legislative Audit Committee. This sunset review was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in its response, the Arizona State Schools for the Deaf and the Blind (ASDB) agrees with all the findings and plans to implement all the recommendations. My Office will follow up with ASDB in 6 months to assess its progress in implementing the recommendations. I express my appreciation to ASDB's board members, Superintendent Reichman, and ASDB 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

cc: Arizona State Schools for the Deaf and the Blind Board of Directors

ARIZONA Auditor General

Arizona State Schools for the Deaf and the Blind (ASDB)

Sunset Review

ASDB had multiple operational, financial, educational, and compliance issues, potentially impacting student/staff safety and educational quality, reducing monies available for its operations, and limiting transparency about its future operations

Audit purpose

To respond to the 10 statutory sunset factors.[1]

Key findings

- An Arizona Department of Education (ADE) investigation found that ASDB predetermined placements for 6 students in violation of federal regulations and directed ASDB to implement corrective actions for appropriately considering student placement options.
- ASDB relocated its Tucson campus to a leased facility in Oro Valley and has not yet determined plans for the Tucson campus land, but has identified key action items for its sale or transfer, such as obtaining title reports, independent appraisals, and community input, and complying with statutory requirements to deposit sale proceeds into a new legislatively established Property Proceeds Fund subject to legislative appropriation.
- ASDB did not comply with some State public records law requirements and recommended practices, hindering its ability to ensure transparency for the public and appropriate and timely responses to public records requests.
- Our performance and forensic audit contractors identified various deficiencies including issues related to student graduation, complaint handling, campus relocation, and financial processes, potentially impacting student/staff safety and educational quality and reducing monies available for its operations.

Key recommendations to ASDB

- Implement all corrective actions as directed by ADE and address any additional corrective actions or recommendations identified during its review of student placement options.
- Implement the Tucson campus action items it identified, including statutory requirements related to the Property Proceeds Fund.
- Document and track all public records requests consistent with statutory requirements and recommended practices.

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1 The Arizona Auditor General conducted this sunset review as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq pursuant to a December 10, 2024, resolution of the Joint Legislative Audit Committee. This resolution also directed the Auditor General to engage 1 or more independent contractors to conduct a forensic audit and a performance audit of ASDB as part of ASDB's sunset review, and our work to answer the statutory sunset factor questions included reviewing and reporting on the findings and recommendations from the audit reports completed pursuant to this resolution by 2 independent firms under contract with the Arizona Auditor General. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* conducted by the independent firm Sikich CPA LLC and report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* conducted by the independent firm Forensic Strategic Solutions.

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The Arizona Auditor General has released the final report in a series of 3 audit reports of the Arizona State Schools for the Deaf and the Blind (ASDB) as part of ASDB's sunset review. The series of 3 audit reports were conducted pursuant a December 10, 2024, resolution of the Joint Legislative Audit Committee (JLAC), which directed the Auditor General to engage 1 or more independent contractors to conduct a forensic audit and a performance audit of ASDB as part of ASDB's sunset review.[1] The first report consisted of a performance audit conducted by the independent firm Sikich CPA LLC that reviewed multiple areas of ASDB's operations and student outcomes in fiscal years 2022 through 2026.[2] The second report consisted of a forensic audit conducted by the independent firm Forensic Strategic Solutions that reviewed ASDB's financial activity for fiscal years 2022, 2023, and 2024.[3] This sunset review provides responses to the statutory sunset factors.

ASDB is responsible for providing educational programs and other support services to children with sensory impairments throughout the State

ASDB was founded in 1912 and is responsible for educating children who are blind, low vision, deaf, hard of hearing, or deafblind from birth to grade 12 (see textbox for ASDB's mission). ASDB provides educational programs and other support services to children with sensory impairments through its schools and/or programs throughout the State.

Specifically, as of August 2026, ASDB has the following campuses and programs:

- **Oro Valley campus**

  Beginning in the 2026-2027 school year, ASDB will serve enrolled sensory-impaired students from preschool

ASDB's mission

ASDB is committed to excellence and innovation in education for all children throughout Arizona who are hard of hearing, deaf, or have vision loss; leadership and service; collaboration with families, school districts, communities, and others; and partnerships with other agencies that will enable children who are hard of hearing, deaf, or have vision loss to succeed now and in the future.

Source: ASDB website.

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1 The JLAC resolution directed the forensic and performance audits to examine ASDB's financial activity, operations, and student educational outcomes for fiscal years 2022, 2023, and 2024.

2 The performance audit assessed whether ASDB ensured its students met graduation requirements, its employees met various employment qualifications and received performance evaluations pursuant to its policies, and it monitored teacher absences, staff vacancies, and its complaint-handling process; managed student-teacher ratios in accordance with its policy; implemented an effective overall system of internal control related to its management of students and staff; and implemented our prior 2022 performance audit and sunset review recommendations related to capital planning, complaint handling, and post-school outcome surveys. The contracted performance audit also assessed how organizational changes ASDB made in 2026 affect its capital plans and how the education and other related services ASDB provided in fiscal years 2022 through 2025, compared to other selected states' practices. See Arizona Auditor General report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* conducted by the independent firm Sikich CPA LLC under contract with the Arizona Auditor General.

3 The forensic audit also assessed ASDB's compliance with and implementation of recommended practices related to the State's conflict-of-interest and open meeting laws and whether ASDB implemented our prior 2022 performance audit and sunset review recommendations related to periodically reviewing Itinerant Services Program fees and voucher reimbursement amounts. See Arizona Auditor General report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* conducted by the independent firm Forensic Strategic Solutions under contract with the Arizona Auditor General.

through grade 12 at a new campus location in the Town of Oro Valley, Arizona.[4,5] ASDB reported that the Oro Valley campus will consist of a day program for students and will offer classroom instruction using curriculum designed to comply with standards set by the Arizona Department of Education (ADE) and to meet the needs of students who are deaf, hard of hearing, and deafblind, as well as educational and support services for its students, such as occupational and physical therapy, social skills training, speech therapy, and American Sign Language (ASL). However, according to ASDB, the Oro Valley campus will not offer full-time, campus-based education and services for blind/visually impaired students who do not have other sensory impairments (see report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information).

Additionally, ASDB also reported that the Oro Valley campus will provide transition services, which are intended to assist students to prepare for post-school activities, including individualized assistance for students and families preparing for postsecondary education and work, courses to help students learn job skills, programs for high school students to develop independent living skills, and access to career and technical education courses. As of August 2026, 74 students were enrolled at the Oro Valley campus according to ASDB-provided data.

Phoenix Day School for the Deaf (PDSD)

PDSD serves enrolled students who are deaf or hard of hearing in preschool through grade 12. PDSD offers classroom instruction using curriculum designed to comply with ADE standards and to meet the needs of hearing-impaired students. PDSD offers similar educational and support services as the Oro Valley campus, such as speech, ASL, and occupational therapy. PDSD also offers vocational awareness, including courses that focus on gaining job-seeking skills and entering the job market and programs for high school students to develop independent living skills as well as access to career and technical education courses offered at local public schools and other locations throughout Maricopa County. As of August 2026, 177 students were enrolled at PDSD according to ASDB-provided data.

Regional Outreach and Cooperative Services program

ASDB's Regional Outreach and Cooperative Services program provides students who are deaf, hard of hearing, blind, low vision, or deafblind throughout the State with educational and support services, including specialized equipment and materials, such as hearing assistive technology (HAT); nonteaching services, such as routine audiological testing and equipment monitoring for students using HAT; and other related services, such as educational interpreting. The Regional Outreach and Cooperative Services program serves sensory impaired students who are enrolled in participating schools, which include public school district and charter schools, and other public educational programs, such as Bureau of Indian Affairs schools.

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4 Oro Valley is an incorporated town located in Pima County approximately 3 miles north of Tucson, Arizona.

5 Prior to May 2026, ASDB operated a campus in the City of Tucson that served enrolled students with hearing and/or vision impairments from preschool through grade 12. The Tucson campus operated both a day program and a residential program for students. For the Oro Valley campus, ASDB has leased a school building from the Amphitheater Unified School District for 1 year, with the option to extend the lease for 4 additional years.

The Regional Outreach and Cooperative Services program consists of 2 service types:

- **Regional cooperatives (formerly the Itinerant Services Program)—**Provides services to sensory-impaired students in a classroom setting at their home schools. Participating schools must enter into a cooperative agreement with ASDB to obtain services for their sensory impaired students. As of August 2026, ASDB has cooperative agreements with 225 school districts and charter schools, and a total of 910 students received services through ASDB's regional cooperatives according to ASDB-provided data.

- **Cooperative sites—**New for the 2026-2027 school year, cooperative sites provide services to students who travel to a designated physical site located on a public school district campus to receive instruction and support from ASDB teachers and other staff in a group setting.[6] As of August 2026, ASDB had 2 cooperative site agreements in the State—1 with the Tucson Unified School District and 1 with the Chino Valley Unified School District, with a total of 12 students receiving services at ASDB's cooperative sites.[7,8]

Early Learning Program (ELP)

ASDB's ELP serves children in Arizona from birth to age 5 who are deaf, hard of hearing, blind, visually impaired, and deafblind. ASDB works with the Arizona Early Intervention Program (AzEIP) to provide home- and community- based services to sensory impaired infants and toddlers, birth to age 3, across the State.[9] Additionally, the ELP serves sensory-impaired preschool students, aged 3 to 5, enrolled at ASDB through campus-based preschool programs in the Tucson and Phoenix metropolitan areas. Specifically, ASDB runs preschool programs on its Oro Valley and PDSD campuses and contracts with public nonprofit preschools, such as the Foundation for Blind Children, which operates 3 preschools in Phoenix. As of August 2026, 604 children participated in ASDB's ELP according to ASDB-provided data.

Arizona public school districts and charter schools are statutorily required to arrange for a placement and evaluation team for each sensory impaired student they enroll at ASDB

Statute requires that Arizona public school districts and charter schools arrange for the establishment of a placement and evaluation team for each sensory impaired student they enroll at ASDB.[10] The placement and evaluation team includes various members, including the student's parent or legal guardian, special education professionals, and representatives from

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6 Students may also receive general educational services from their home school districts.

7 ASDB's cooperative site agreement with the Tucson Unified School District includes 2 sites that serve blind, low-vision, and deafblind students.

8 ASDB's cooperative site agreement with the Chino Valley Unified School District includes 3 sites that serve deaf, hard-of-hearing, and deafblind students.

9 ASDB offers home- and community-based services and tele-intervention to families in urban and rural areas.

10 A.R.S. §§15-761, 15-766, and 15-1342.

the public school district or charter school.[11] The placement and evaluation team conducts an evaluation of the student's sensory impairment to determine its severity and impact on the student's access to a free and appropriate education and whether the student can feasibly attend one of ASDB's campus based programs. Based on this evaluation, the team can decide to enroll the student in one of ASDB's campus-based programs or to keep the student enrolled in their home school district or charter school and either receive services from ASDB or services the school district or charter school provides. These teams are required to reconvene annually to review the student's Individual Education Plan (IEP), which is a written plan that outlines a student's academic performance, goals, needed services, and other related information.

ASDB is overseen by a Governor-appointed Board of Directors and had more than 545 full-time staff as of June 2026

ASDB's Board of Directors (Board) is responsible for the governance of ASDB, including appointing ASDB's superintendent.[12] Statute authorizes the Board to have 10 members, including the Governor, who serves as a nonvoting ex officio member, and the State's Superintendent of Public Instruction or the Superintendent's designee, who is a voting member.[13] The Governor appoints the remaining members, who serve 3-year terms.

The appointed members include:

- 1 member from the Arizona Commission for the Deaf and the Hard of Hearing.[14]
- 1 member from the Arizona Governor's Council on Blindness and Visual Impairment.[15]
- 1 school district employee who works with their district's program for sensory impaired pupils.
- 5 additional members. A.R.S. §15-1321 requires the Governor to give preference to people with experience and knowledge of sensory-impaired education for 3 of these positions.

As of June 2026, ASDB had 545.31 filled full-time equivalent (FTE) positions and 30 vacancies. ASDB reduced its number of FTE positions by approximately 80 when it closed its Tucson campus in May 2026.

ASDB is organized into the following 3 divisions:

- **Curriculum and Instruction (428.5 FTEs, 26 vacancies)**

  Responsible for the agency's educational programs, including onsite campus instruction, the Regional Outreach and Cooperative Services program, and the ELP.

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11 A placement and evaluation team may also include a regular education teacher if the student is or will be participating in a regular education environment, and the student, if appropriate.

12 A.R.S. §§15-1321(A) and 15-1325(A).

13 A.R.S. §15-1321. As of July 2026, ASDB reported the Board had 4 vacancies.

14 The Arizona Commission for the Deaf and Hard of Hearing acts as a bureau of information to the hearing impaired and to other State agencies, institutions, and other public or private community agencies and programs that serve hearing-impaired persons.

15 The Arizona Governor's Council on Blindness and Visual Impairment was established to ensure that the specialized needs of blind and visually impaired Arizonans are addressed effectively.

- **Agency Operations and Support Services (104.25 FTEs, 4 vacancies)**

  Responsible for food services, transportation, facilities management, human resources, business services, and information technology (IT).

- **Agency Leadership (12.56 FTEs, 0 vacancies)**

  Responsible for policy and government relations, as well as agency communications, including web and digital media.

ASDB's revenues were primarily from special education vouchers and State General Fund appropriations, and its expenditures were mostly for payroll and related benefits for its staff

As shown in Table 1, pages 5 through 7, ASDB is estimated to receive approximately $67.4 million in revenues in fiscal year 2026, primarily consisting of State General Fund appropriations and special education vouchers. Specifically, ASDB is estimated to receive approximately $22.9 million from State General Fund appropriations and approximately $31.4 million in special education vouchers. ASDB's expenditures and transfers are estimated to be approximately $63.9 million in fiscal year 2026. Most of ASDB's expenditures are for payroll and related benefits for ASDB staff, including teachers and other staff.

Table 1

Schedule of revenues, expenditures, and changes in fund balances

Fiscal years 2024 through 2026

(Unaudited)

	2024 (Actual)	2025 (Actual)	2026 (Estimate)
Beginning fund balance	$24,242,851	$23,000,125	$20,514,489
Revenues			
State General Fund appropriations	$26,173,625	$25,355,841	$22,941,982
Intergovernmental			
State special education vouchers[1]	$13,135,784	$13,500,007	$11,592,392
State Classroom Site Fund[2]	3,474,786	3,905,023	5,135,362
Federal grants[3]	3,273,339	2,482,289	1,733,013
Federal pandemic aid[4]	197,668	237,150	599,913
Subtotal	**$20,081,577**	**$20,124,469**	**$19,060,680**
Regional Cooperative Fund[5]			
Special education vouchers	$15,677,939	$17,083,015	$19,819,386
Educational and support services fees	2,134,089	1,973,863	2,147,890
Subtotal	**$17,812,029**	**$19,056,879**	**$21,967,276**

Table 1 continued

Other revenue sources			
Rental income[6]	$1,038,570	$999,438	$956,399
Medicaid reimbursements[7]	1,374,614	1,588,124	2,351,280
Investment income	162,000	175,000	0
Restricted donations	5,895	1,215	6,172
Unrestricted donations	3,525	3,590	0
Private grants	25,710	35,230	40,322
Other[8]	149,575	109,946	139,672
Subtotal	**$2,759,889**	**$2,912,543**	**$3,493,845**
Total revenues	**$66,827,118**	**$67,449,732**	**$67,463,783**
Expenditures and transfers			
Payroll and related benefits	$48,012,669	$53,149,428	$49,720,605
Professional and outside services[9]	8,620,004	6,664,835	4,872,437
Travel	406,477	975,923	3,546,421
Campus food service	888,089	515,321	546,388
Other operating[10]	8,577,886	7,709,179	4,093,567
Capital and noncapital purchases[11]	1,564,719	830,708	702,168
Transfers to other agencies[12]	0	89,975	374,532
Total expenditures and transfers	**$68,069,844**	**$69,935,369**	**$63,856,118**
Ending fund balance	$23,000,125	$20,514,488	$24,122,154
Net change in fund balance (Difference between revenues and expenditures and transfers)	**- $1,242,726**	**- $2,485,637**	**+ $3,607,665**

1 State special education institutional vouchers revenues were monies received from ADE for students enrolled at ASDB campuses.

2 State Classroom Site Fund revenues were received from the Arizona Department of Education's Classroom Site Fund. The Fund received monies from Proposition 301, a 2000 voter-approved initiative that increased the State's transaction privilege tax to provide additional funding for teacher compensation increases and other educational activities, and monies from the Permanent State School Fund expendable earnings pursuant to and defined in A.R.S. §37-521(B)(4).

3 Federal grants intergovernmental revenues consisted of federal grants received primarily passed through other agencies. Specifically, ASDB received monies from the U.S. Department of Agriculture's National School Lunch and School Breakfast Programs, and various school-related federal grants from the U.S. Department of Education. For example, ASDB received monies from the Rehabilitation Services Administration's Vocational Rehabilitation Grants to States, Special Education – Grants to States, and Title 1 Grants to Local Education Agencies programs in both fiscal years 2024 and 2025.

Table 1 continued

[4] Federal pandemic aid intergovernmental revenues consisted of federal grants that were received to combat the effects of the COVID-19 pandemic and is primarily comprised of monies received from the U.S. Department of Education Stabilization Fund (ESF). The ESF was funded through various federal acts to pay for expenditures incurred to prevent, prepare for, and respond to the coronavirus COVID-19 pandemic.

[5] Regional Cooperative Fund revenues primarily comprised: (1) voucher monies from the Arizona Department of Education for some of the regional cooperative students it serves (see footnote 1) and (2) revenues received directly from school districts for services rendered by the regional cooperatives through the collection of membership fees and fees for services ASDB provides.

[6] Rental revenues are primarily from Land Endowment Fund pursuant to A.R.S. §15-1304.

[7] Medicaid reimbursements were monies ASDB received to pay for Medicaid-covered services to eligible enrolled students.

[8] Other revenues primarily consisted of E-rate credits received from a federal program that credits monies to nonprofit schools toward internet access and other related services.

[9] Professional and outside services consisted of various services ASDB acquired such as therapy, medical, legal, and temporary agency services. For example, ASDB paid approximately $2.6 million and $1.8 million in fiscal years 2024 and 2025, respectively, to the Foundation for Blind Children for therapy and other services to children who qualified for services.

[10] Other operating expenditures consisted of various expenditures such as rent; utilities, including telecommunication; supplies, including automotive fuel; insurance; and repair and maintenance expenditures.

[11] Capital and noncapital purchases primarily consisted of various furniture, equipment, and software purchases, and building improvement costs. Over half of the fiscal years 2024 and 2025 expenditures were for the purchase of agency vehicles and computer equipment.

[12] Transfers to other agencies consisted of transfers to the Arizona Department of Administration for interagency agreements related to building projects and Arizona Department of Transportation for the purchase and replacement of school buses and agency vehicles.

Source: Auditor General staff analysis of the AZ360 *Accounting Event Transaction File* and the *State of Arizona Annual Comprehensive Financial Report* for fiscal years 2024 and 2025.

Pursuant to A.R.S. §41-2954, the legislative committees of reference shall consider but not be limited to the following factors in determining the need for continuation, consolidation, modification, or termination of ASDB.[1] This sunset factor analysis includes findings and recommendations.

Sunset factor 1: The key statutory objectives and purposes in establishing the Arizona State Schools for the Deaf and the Blind (ASDB).

As discussed in the Introduction, ASDB was established in 1912, and its key statutory objective is to educate sensory-impaired persons in Arizona so that they may become self-sustaining citizens.[2] As of August 2026, ASDB performs its core functions of providing education and educational resources to deaf and hard-of-hearing students at its Oro Valley and Phoenix campuses, and to sensory impaired students, including deaf, hard-of-hearing, blind, and visually impaired students, through its State-wide ELP and Regional Outreach and Cooperative Services program.

Additionally, A.R.S. §15-1302(D) establishes ASDB as an optional resource to school districts, State institutions, and other approved education programs. See Sunset Factor 3, pages 22 through 23, for additional information on other programs or entities that ASDB coordinates with, and entities that provide similar services to sensory impaired students as ASDB.

Sunset factor 2: ASDB's effectiveness and efficiency in fulfilling its key statutory objectives and purposes.

We and our performance and forensic audit contractors identified several areas where ASDB has deficiencies in its processes that impact its ability to effectively and efficiently fulfill its key statutory objectives and purposes and where it could improve its processes to better fulfill its key statutory objectives and purposes.

Deficiencies we and our contractors identified included that:

1 As part of our work to answer the statutory sunset factor questions, we reviewed the findings and recommendations from the performance and forensic audit reports completed as part of ASDB's sunset review by 2 independent firms under contract with our Office. See Introduction, page 1, for more information on the scope and objectives of these 2 audits.

2 A.R.S. §15-1302(B).

ADE concluded that ASDB predetermined the placement for certain students who are blind, visually impaired, or receiving residential services for the 2026-2027 school year in violation of the regulations that implement IDEA

In May 2026, ADE received a complaint alleging that ASDB had predetermined the placement decisions of 6 students for the 2026-2027 school year after ASDB announced it would close its Tucson campus in January 2026. Predetermination of a student's placement is considered a violation of the federal Individuals with Disabilities Education Act (IDEA) (see textbox for more information about IDEA).[3,4] All 6 students attended ASDB's Tucson campus during the 2025-2026 school year but that placement was not available for the 2026-2027 school years because of ASDB's decision to close and relocate the Tucson campus.

Individuals with Disabilities Act (IDEA)

IDEA is a federal law that makes available a free and appropriate public education to eligible children with disabilities. IDEA governs how state educational agencies, such as ADE, and local education agencies, such as ASDB, provide early intervention, special education, and services related to children with disabilities.[1] IDEA requires public agencies to ensure the availability of a continuum of alternative placements and to make placement decisions based on the individual needs of the child as reflected in the child's IEP.[1]

1 20 USC §1400 et seq.

Source: Auditor General staff summary of various sources, such as the Federal Code of Regulations, and the IDEA website.

In July 2026, ADE completed its investigation of the complaint and issued an investigative report concluding that ASDB predetermined the placement for certain students who are blind, visually impaired, or receiving residential services for the 2026-2027 school year in violation of the regulations that implement IDEA.[5] ADE reported that although ASDB convened IEP meetings for the 6 students and included the required participants, such as parents, ASDB did not demonstrate that the IEP teams meaningfully considered the full continuum of alternate placements for students who had attended the Tucson campus in the previous school year, such as a different day-school placement, a contracted placement, or another specialized setting. Additionally, ADE reported that although the closure of the Tucson campus may have required ASDB to reconsider students' placements, that fact did not relieve ASDB of its obligation to ensure that each student's placement was determined through an individualized consideration of the full range of placement options. Further, ADE found that when parents proposed alternative placements, those options were not considered through the IEP process based on individualized student needs but rather were treated by ASDB as parental choices and were not among the placement options ASDB offered.

3 See Introduction, pages 3 through 4, for additional information about ASDB's placement and evaluation process.

4 Predetermination refers to a decision made by the members of the IEP team prior to the development of the IEP, or the annual IEP update meeting without considering alternative options, and without input from the student's parent. It is considered a violation of IDEA if a school district predetermines a student's placement before the IEP is developed or steers the IEP to the predetermined placement.

5 ADE is responsible for investigating potential noncompliance with IDEA in Arizona public schools.

ADE's investigation findings directed ASDB to implement corrective actions and required ASDB to work with a special monitor approved by ADE to oversee the implementation of all corrective actions.

Key corrective actions outlined by ADE include:

- Reviewing students' IEPs to determine that key IEP requirements were met, including that all placement options were discussed and considered.
- Reconvening IEP teams if that review finds that IEP requirements were not met, including ensuring that all placement options be considered.

ADE required ASDB to provide it with documentation demonstrating compliance with the corrective action items by August 28, 2026. ASDB reported that it will work with ADE and the special monitor to address all deficiencies and corrective actions.

ASDB leadership has not established or maintained an effective internal control system for managing its operations, and ASDB's Board has not effectively carried out its governance responsibilities, resulting in multiple deficiencies that limit ASDB's ability to ensure educational quality, student and staff safety, and operational efficiency and effectiveness

ASDB's Board is responsible for establishing policies and appointing ASDB's superintendent, to whom the Board has assigned responsibility for executing its policies and overseeing ASDB's overall management and administration, including establishing and implementing internal controls to ensure ASDB achieves its goals and objectives.[6] However, our performance audit contractor found that:

- ASDB's superintendent did not ensure key internal control activities were implemented and/or maintained in several educational and operational areas, resulting in multiple deficiencies it identified, including key deficiencies related to missing and/or inadequate policies and procedures and insufficient recordkeeping, limiting ASDB's ability to ensure educational quality, student and staff safety, and operational efficiency and effectiveness (see subsequent bullets in this section for more information on the deficiencies our performance audit contractor identified).
- ASDB's Board has not effectively carried out its governance responsibilities, including for developing policies, evaluating the superintendent's performance, and ensuring a records management program is established and maintained.

Our performance audit contractor recommended the ASDB Board require the superintendent to develop a corrective action plan to address the internal control deficiencies within the superintendent's areas of responsibility and provide updates on the corrective action plan progress at monthly Board meetings; evaluate the superintendent's performance specific to the deficiencies in the performance audit contractor's report;

[6] Internal controls are intended to help agencies efficiently and effectively meet their objectives and purposes. For example, internal controls could include policies, procedures, and/or written guidance for verifying, maintaining, and regularly reviewing documentation related to staff qualifications and requirements.

require the superintendent to inform the Board of needed policies to further strengthen ASDB's internal control system and draft policies for Board approval and inclusion in ASDB's policy manual; and develop and approve a records management program. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

- **ASDB graduated students who did not meet graduation requirements and did not maintain consistent records associated with graduates, creating the risk of awarding diplomas to students who are unprepared for secondary education or transition to the job market and reporting inaccurate information to the public**

The Arizona State Board of Education and/or ASDB policies require students enrolled in ASDB's campus programs to complete minimum credit, testing, and course requirements to graduate from high school; however, our performance audit contractor's review of 40 of 67 students who were listed in ASDB records as graduating from ASDB in fiscal years 2024 and 2025 found that 25 of the 40 sampled students, or 63%, did not meet 1 or more graduation requirements.[7] Additionally, our performance audit contractor's review of various student data sources identifying ASDB graduates found that these sources did not contain consistent information about which ASDB students had graduated. Without ensuring that students who received diplomas meet credit, testing, or course requirements for graduation, ASDB may be awarding diplomas to students who are unprepared for secondary education or transition to the job market. Further, discrepancies in student records create the risk that publicly reported data related to ASDB's students may contain inaccurate results.

Our performance audit contractor recommended ASDB review student records to ensure all students recorded as graduating met requirements; correct errors in other student records; and develop and implement procedures for producing, maintaining, and validating transcript information and documentation. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

- **ASDB did not reliably bill, collect, and reconcile all revenue during fiscal years 2022 through 2024, including not collecting an estimated $2.1 million in voucher and fee-for-service revenue and potentially not receiving $2.6 million in Medicaid reimbursements, reducing monies available to support its operations and contributing to its financial problems**

Our forensic audit contractor's review of ASDB's fiscal years 2022 through 2024 revenue found ASDB:

- Did not collect an estimated $2.1 million in voucher and fee-for-service revenue during the review time frame, including not collecting voucher payments from ADE and fee-for-service and membership payments from schools that participated in its Itinerant Services Program.

[7] Our performance audit contractor randomly selected 34 of 51 students identified in 3 sources, including ASDB's student information system, lists each campus principal maintains, and lists ADE maintains. Our performance audit contractor also judgmentally selected 6 of 16 students who did not appear in all 3 sources.

- Had $2.6 million in denied Medicaid claims for students who received Medicaid-reimbursable services that were identified as correctable.[8] For example, correctable denials may result from missing or inaccurate claim information or other errors that can be addressed through review and resubmission.

- May not have consistently billed Medicaid for some students who received Medicaid-reimbursable services in other years.

- May need to refund approximately $455,953 to ADE and schools that have cooperative agreements with ASDB because of duplicate, excess, or unsupported payments, and payments for periods students were not enrolled.

By not properly billing, collecting, and reconciling its revenues, ASDB reduced the monies available for its operations and participating schools and increased the risk that billing and collection errors would not be timely identified or corrected.

Our forensic audit contractor made several recommendations to ASDB related to issues it identified, including it reconcile and correct student enrollment data that contributed to errors; develop and implement written procedures for reconciling and validating data and maintaining accurate enrollment records; and develop and implement written billing, collection, refund, and reconciliation procedures for voucher, fee-for-service, and Medicaid revenue. See report 26-115 *Arizona State Schools for the Deaf and the Blind Draft Forensic Audit* for additional information and recommendations.

ASDB could not demonstrate that it obtained and reviewed background check documentation for some employees as required by statute, increasing the risk that ASDB students could be exposed to individuals with precluding criminal charges or convictions

Arizona statute and ASDB policy require all certificated staff possess a fingerprint clearance card and all noncertificated staff complete a fingerprint-based criminal history records check.[9,10,11,12] However, our performance audit contractor's review of a random sample of 45 of 711 ASDB employees found that ASDB failed to retain adequate documentation or maintain complete records related to these requirements for 30 of the sampled employees.[13] As a result, our performance audit contractor could not confirm that ASDB verified whether all 30 employees had no precluding arrests, charges, or

8 ASDB is eligible to receive reimbursement for Medicaid-covered services that are medically necessary, as specified in a student's IEP, such as physical and occupational therapies and nursing services.

9 Certificated staff are employees who work less than 12 months and are paid under ASDB's Teaching, Certificated, and Related Services salary schedules. Examples of certificated staff positions include early childhood teachers, low-vision specialists, and school counselors.

10 Noncertificated staff are employees who are not paid under the Teaching, Certificated, and Related Services salary schedules. Examples of noncertificated staff positions include facility maintenance staff, human resources personnel, and grants administrators.

11 A.R.S. §15-1330(A) requires certificated personnel employed by an Arizona school to have a valid fingerprint clearance card or apply for one within 7 working days of starting employment.

12 A.R.S. §15-1330(B) requires noncertificated personnel employed by an Arizona school who do not have a valid fingerprint clearance card to be fingerprinted as a condition of employment within 20 working days after beginning work for the purposes of obtaining State and federal criminal record checks.

13 Our performance audit contractor randomly selected 45 of 711 employees who ASDB employed during fiscal years 2022 through 2024.

convictions prior and subsequent to their hire. Failure to ensure that all ASDB staff meet background check requirements weakens important safeguards for its students, including deaf and blind students who may have limited ability to communicate safety concerns or seek assistance independently.

Additionally, our performance audit contractor reported that statute does not require all ASDB employees to obtain and maintain a fingerprint clearance card, which limits ongoing monitoring of criminal activity and notification to ASDB of charges or convictions after an employee's initial hire background check. As a result, background check requirements are applied inconsistently across its various positions, limiting ASDB's ability to identify and be notified of subsequent charges or convictions for certain noncertificated staff—such as residential supervisors and instructional assistants—who may work closely and independently with students.

Our performance audit contractor recommended ASDB implement a formal tracking system for fingerprint clearance cards and fingerprint-based criminal history records checks that documents key steps in its process; develop and implement internal policies associated with the background check and fingerprinting process; and ensure that all employees have completed a fingerprint-based criminal history records check or obtained a fingerprint clearance card. Our performance audit contractor also made a recommendation to the Legislature related to this issue, which is discussed in Sunset Factor 9, page 30. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

ASDB could not demonstrate that all its staff met required qualifications, potentially compromising student safety and learning

ASDB policy requires it to ensure ASDB staff meet various qualifications for employment; however, our performance audit contractor's review of staff qualifications for a random sample of 45 of 711 ASDB teachers, support staff, and administrators employed from fiscal years 2022 through 2024 found that ASDB could not demonstrate that 39 of these employees, or 87%, met all required qualifications. For example, ASDB lacked documentation that 28 staff had the licenses or certifications required in their position descriptions, such as a teaching certificate, an interpreter credential, or a safety-related credential. Without ensuring all staff meet the qualifications associated with their position, ASDB risks assigning individuals who do not meet key employment requirements to work with students, potentially compromising student safety and learning.

Our performance audit contractor recommended ASDB review all its staff records to identify and obtain missing documentation to demonstrate that staff meet qualifications; develop and implement procedures for verifying, maintaining, documenting, monitoring, and enforcing staff qualification requirements; audit existing position descriptions and standardize position requirements; and develop and implement a review and approval process to ensure all new position descriptions meet documentation standards before posting position vacancies and a standardized position description template. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

ASDB cannot demonstrate that it consistently assigned qualified substitutes for teacher absences or vacancies, which could negatively affect educational quality

ASDB's staff handbook requires ASDB staff to request and obtain approval for absences using a data system. However, our performance audit contractor's review of ASDB's staff absence data from fiscal years 2022 through 2024 found that ASDB staff did not properly and/or consistently use the data system, resulting in unreliable, incomplete, and inaccurate data, and impacting ASDB's ability to demonstrate that it assigned substitutes for teacher and support staff absences. Additionally, our performance audit contractor's review of a random sample of 32 of 264 teacher and support staff vacancies from fiscal years 2022 through 2024 found that ASDB was unable to provide information on how it provided staffing coverage for 16 of the sampled vacancies. For example, ASDB could not provide information regarding whether a substitute was used to cover position vacancies in 13 of the 16 instances. When teachers are absent or classrooms have vacant teacher positions that are not covered by a qualified substitute, it can impact the quality of students' education.

Our performance audit contractor recommended ASDB develop and implement written policies, procedures, and guidance related to teacher absences, vacant positions, and ensuring classroom coverage. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

ASDB did not complete most staff evaluations as required by its policy in fiscal years 2022 through 2024, and its staff evaluations are not aligned with State requirements, limiting ASDB's ability to develop and manage employee performance and make informed decisions about probationary staff

ASDB policy requires that ASDB evaluate all permanent and limited permanent staff members at least once per year and evaluate probationary staff members at least twice yearly during their probationary period.[14] However, our performance audit contractor's review of ASDB employee evaluations for fiscal years 2022 through 2024 found ASDB did not complete an annual evaluation for 225 of 1,046, or 22%, of permanent staff and all twice-yearly evaluations for 196 of 203, or 97%, of probationary staff.[15] Not completing staff evaluations limits ASDB's ability to develop and manage employee performance and base decisions for probationary employees' continued employment on the structured oversight and development guidance provided by twice-yearly evaluations.

Additionally, our performance audit contractor identified key areas in ASDB's staff evaluation policies that do not align with the State-wide requirements for public school districts, which can be considered recommended practices for ASDB. For example, statute limits transfers for teachers rated in the lowest performance classification for

[14] Permanent status employees are hired into permanently budgeted positions. Probationary employees are newly hired staff, not staff identified as having performance concerns, and probationary periods differ by position type: certified staff are probationary for 2 years (with a possible 1-year extension), while noncertified staff have a 1-year probationary period (which may be extended by 6 months). Limited-term staff are individuals who are employed for a limited time.

[15] The performance audit contractor reviewed each fiscal year independently, as the evaluation requirements are annual. Therefore, if an individual's probationary period crosses fiscal years, they will be included in more than 1 year.

2 consecutive years, but ASDB policies do not include restrictions on teacher transfers.[16] Because ASDB is not required to follow public school district evaluation requirements, ASDB employees may be held to different standards than their counterparts in other public schools.

Our performance audit contractor recommended ASDB conduct all required staff evaluations, develop and implement an employee evaluation-monitoring and enforcement process that includes consequences for noncompliance, and revise its staff evaluation policies to incorporate relevant provisions of Arizona Revised Statutes related to staff evaluations for public schools. Our performance audit contractor also made a recommendation to the Legislature related to this issue, which is discussed in Sunset Factor 9, page 31. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

- **ASDB had not aligned its procurement policy with statute prohibiting the purchase of goods and services from Board members without public competitive bidding, increasing the risk that ASDB did not obtain the best value for public monies**

A.R.S. §38-503(C) prohibits a public officer or employee of a public agency, including ASDB, from supplying equipment, material, supplies, or services to the public agency unless the transaction is made through a public competitive bidding process. However, our forensic audit contractor's review of ASDB's procurement policy found it allowed ASDB to make purchases from ASDB's Board members through methods other than public competitive bidding. Although our forensic audit contractor did not identify that ASDB made any purchase from its Board members, because ASDB's policy allowed procurement methods other than public competitive bidding for certain Board member-as-vendor transactions, ASDB was at an increased risk of not obtaining the best value for public monies.

The forensic audit contractor recommended ASDB revise its policy to align with statute, establish a process requiring legal review of future policy provisions involving statutory requirements before adoption or revision, and provide Board members and relevant staff with updated guidance and training on the statutory requirements governing Board member-as-vendor transactions. See report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* for additional information and recommendations.

We and our contractors also identified additional areas where ASDB could improve its processes to better meet its statutory objectives and purposes.

Specifically, ASDB:

- **Established student-teacher ratio goals but lacks a process for determining when class sizes can exceed its goals, has not conducted a required annual review of its ratios, and has not updated its goals for at least 10 years**

ASDB policies identify goals for student-teacher ratios or class size based on student age, grade level, and disability type, and our performance audit contractor's review of a

[16] A.R.S. §15-537.

sample of 479 of 2,109 classroom rosters from fiscal years 2024 and 2025, found that 453 classrooms (95%) had assigned class sizes that met ASDB's policy goals. Additionally, the performance audit contractor observed a sample of 33 classrooms at ASDB's Tucson and Phoenix campuses in September 2025 and did not identify any that exceeded ASDB's student-teacher ratio goals.

Although ASDB reported that decisions to allow class sizes larger than its student-teacher ratio goals are informally discussed with principals, ASDB does not have a documented process for determining if and when class sizes can exceed its policy goals. Absent a documented process, ASDB is at risk of making inconsistent and/or inappropriate decisions to allow class sizes that could negatively impact student learning. Additionally, according to our performance audit contractor, ASDB had not completed the required annual review of student-teacher ratios, and its document containing the ratios is dated 2007. ASDB reported that it updated its student-teacher ratio goals and associated policies in March 2016 and conducted an annual review of student ratios; however, our performance audit contractor reported that it could not corroborate this information. Further, even if ASDB updated its student-teacher ratio goals in 2016, it has not updated these goals annually as required.

Our performance audit contractor recommended ASDB develop and implement policies and procedures for determining and documenting when exceeding its student-teacher ratio policy goal is appropriate, as well as a standard, annual review process for considering student-teacher ratios. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

Estimated that relocating its Tucson campus to a leased facility will result in cost savings, but has not modified its Master Facilities Plan or capital plans to account for an estimated $45 million in capital costs that will no longer be needed

In May 2026, ASDB closed its Tucson campus and relocated the campus to a new site in Oro Valley, Arizona (see Introduction, pages 1 through 2, for more information). In public Board meetings, ASDB management estimated that this closure/relocation will result in the avoidance of approximately $45 million in capital expenditures associated with the Tucson campus; however, our performance audit contractor found that ASDB did not modify its Master Facilities Plan or capital plans to (a) account for the estimated $45 million in capital costs that will no longer be needed and (b) identify plans for the Tucson campus land and buildings following the closure/relocation. Further, information ASDB made available at a February 2026 Board meeting lacked clarity. For example, ASDB estimated cost savings are dependent on the sale of the Tucson campus land, which requires approval from ADOA and the ASDB Board, and ASDB officials stated that a new construction option for the Tucson campus included in its Master Facilities Plan may still be an option in the future.

Additionally, our 2022 performance audit and sunset review of ASDB recommended that ASDB (1) develop a comprehensive multiyear capital plan and (2) develop and/or implement multiyear capital planning policies and procedures for regularly updating planning based on Government Finance Officers Association (GFOA) guidance.[17]

[17] See Arizona Auditor General report 22-109 *A Performance Audit and Sunset Review of Arizona State Schools for the Deaf and the Blind.*

According to GFOA, government agencies should prepare and adopt comprehensive multiyear capital plans and associated budgets that clearly identify capital needs, maintenance requirements, funding options, and operating budget impacts; and regularly update their capital planning and associated documentation to determine development or infrastructure needs as conditions change.

Therefore, our performance audit contractor recommended ASDB prepare a new capital plan and a new Master Facilities Plan that accounts for the estimated avoidance of $45 million in capital improvements, includes potential options for future capital plans for the Tucson campus following relocation, and reflects ASDB's new organizational structure and financial situation as of fiscal year 2027. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations. Additionally, our performance audit contractor found that ASDB did not fully implement our recommendations to develop multiyear capital planning policies and procedures.

As of July 2026, ASDB reported that it had not yet reached a final determination on how to proceed with the Tucson campus land. ASDB reported that it was in the process of developing options for the Board's consideration and that it tentatively planned to present those options to the Board by January 2027.

Our review of ASDB documentation from its July 2026 public Board meeting found that ASDB developed a summary of key action items that ASDB must complete before it can sell or transfer the Tucson campus land, including:

- Working with the Arizona Department of Administration to obtain title reports for the Tucson campus related to a potential sale or transfer.
- Obtaining independent appraisals of the building and grounds.
- Soliciting input from the community regarding options for the Tucson campus land.
- If the Board determines to sell the land, working with a State-contracted real estate broker for the public marketing and listing of the property.[18]

Finally, the documented action items acknowledged that if ASDB were to sell the Tucson campus, any proceeds from the sale of the property would be required to be deposited into a new legislatively established Property Proceeds Fund and would be subject to legislative appropriation.[19] As of July 2026, ASDB reported it was in the process of developing the Property Proceeds Fund and planned to submit a report regarding its progress to the Legislature by September 1, 2026.

18 According to ASDB staff, because the Board has not approved a final plan for the Tucson campus land, it has not allowed any potential buyers to tour the property despite receiving some requests from potential buyers to do so.

19 Laws 2026, Ch. 135, §4, established the Property Proceeds Fund consisting of the proceeds from the sale or lease of ASDB buildings and grounds.

Made incentive and stipend payments totaling $5,135 that were unsupported, ineligible, or inconsistent with statutory requirements, increasing the risk that public monies were used for improper or unallowable purposes

Arizona statute requires State agencies to make and maintain adequate documentation of essential transactions, including payroll expenditures, and preserve records necessary to provide information on official activities supported by State monies.[20] Although our forensic audit contractor's review of approximately 1,600 ASDB transactions in fiscal years 2022 through 2024 generally found no problems, ASDB made 14 incentive and stipend payments totaling $5,135 that were unsupported, ineligible, or inconsistent with statutory requirements.[21] Specifically, the forensic audit contractor identified $3,250 in incentive payments that lacked documentation identifying the referring employee on the new hire's application or were paid for ineligible referrals, such as a family member or former employee, and $1,885 in stipend payments that lacked approval documentation or exceeded the amount supported by the approval documentation. By making incentive and stipend payments that were unsupported, ineligible, or inconsistent with statutory requirements, ASDB increased the risk that public monies were used for improper or unallowable purposes.

Our forensic audit contractor recommended ASDB process incentive and stipend pay only after required approvals and supporting documentation is received; develop and implement procedures requiring supervisory review of incentive and stipend pay; and determine whether the payments the forensic audit contractor identified warrant corrective action, including recovery of unsupported, ineligible, or overpaid amounts. See report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* for additional information and recommendations.

Could improve its purchasing processes

State law and State accounting requirements establish controls over purchase orders, encumbrances, disbursements, and supporting documentation to help ensure expenditures are authorized before payment, supported by adequate documentation, recorded accurately, and monitored to prevent spending above approved or available amounts (see textbox for more information).[22] However, our forensic audit contractor's review found ASDB processed some invoices outside the normal purchase

Purchase order

A purchase order is a formal authorization to purchase goods or services from a vendor at specified terms, quantities, and prices. In addition to documenting management approval, a purchase order functions as a spending control because it identifies the amount authorized for the purchase and allows the agency to track payments against that authorization.

Source: Auditor General staff summary of the *State of Arizona Accounting Manual*.

[20] A.R.S. §§41-151.14(A)(2) and 39-121.01(B)–(C).

[21] Our forensic audit contractor reviewed all 1,593 incentive pay transactions ASDB made during fiscal years 2022 through 2024, including 32 referral bonuses.

[22] A.R.S. §35-151.

order application process and (1) did not ensure related purchase order balances were corrected or reconciled and (2) did not document the appropriate payment history and amount remaining available for expenditure for each purchase order. Inaccurate purchase order balances increased the risk that ASDB could spend more than the approved purchase order amounts.[23] Additionally, our forensic audit contractor's review of 1,611 ASDB purchase transactions found ASDB made 2 purchases totaling nearly $27,000 without required purchase orders, inconsistent with State procurement requirements and guidance.[24]

Our forensic audit contractor recommended ASDB develop and implement written procedures for purchase orders affected by system errors to require that invoice payments are accurately reflected in the purchase order balance, and if system errors occur, it documents its reconciliation process; and periodically reconcile affected purchase orders and take appropriate action to correct, amend, or close purchase orders when balances are inaccurate. The forensic audit contractor also recommended ASDB develop, implement, and enforce procedures to ensure purchases requiring purchase orders are approved before purchases are made; and if a required purchase order was not established before a purchase was made, require documented supervisory review before payment to verify receipt of the goods or services. See report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* for additional information and recommendations.

Has developed policies and procedures for tracking State tax credit donations and approving staff requests to use donation monies for eligible purposes but lacks a requirement for tracking unapproved staff requests

ASDB receives donations through the State's school tax credit program, which allows individuals to receive a State tax credit for making donations directly to an Arizona public school for eligible purposes, such as for extracurricular activities or playground equipment.[25] Statute requires ASDB to use the donated monies for the purpose specified by the individual who made the donation.[26]

ASDB's policies and procedures require its staff to track all State tax credit donations it receives, and its tax credit donation tracker includes information on the specified purpose the monies were donated for. Further, according to ASDB's policies and procedures, in order for school tax credit monies to be used, ASDB staff must complete a request form and have the school principal or applicable ASDB administrator approve it. ASDB's policies and procedures also require approved requests to be tracked, which includes tracking the staff member who requested to use the monies, the amount of monies requested, and how the monies were used. Our review of ASDB's fiscal year 2026 tracking

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23 Our forensic audit contractor analyzed more than 500,000 detailed lines of accounts payable detail, purchase order, and other ASDB payment data to identify patterns, anomalies, and outlier conditions warranting additional review, such as duplicate payments, significant spending fluctuations, conflicts of interest, and other activity that differed from expected norms. These initial analytics identified more than 1,300 anomalies or other outlier conditions warranting additional review, and these issues were identified during the additional review.

24 A.R.S. §41-2501(B).

25 Extracurricular activity means an optional, educational, or recreational activity that supplements the school's education program, such as athletics, visual and performing arts, or student clubs.

26 According to A.R.S. §43-1089.01(F), if at the end of a fiscal year a school has unspent donations that were previously designated for a specific purpose or program and that purpose or program has been discontinued or has not been used for 2 consecutive fiscal years, these donations are to be considered undesignated in the following fiscal year, and the principal, director, or chief administrator should determine which eligible purpose the monies will be used for.

log for State tax credit donations and its tracking log of approved staff requests found that ASDB followed its policies and procedures during the fiscal year.

However, ASDB's policies and procedures do not require its staff to track requests that were not approved.[27] Without tracking both approved and unapproved requests, ASDB is not able to identify what activities or purposes staff had requested monies for that were not approved and identify any future donations that could be used for those requests. Because school tax credit donation monies are not required to be used for the specified purpose if the monies are not used within 2 years, not taking steps to promptly align donations with staff requests may result in monies unnecessarily being used for purposes other than that specified by the individual who made the donation.

- **Has not fully implemented our recommendations for improving transition services for students**

  ASDB is responsible for annually conducting post school outcome (PSO) surveys of former students who attended its on-campus schools at least 1 year after these students exit high school. As part of our 2022 performance audit and sunset review of ASDB, we recommended that ASDB develop and implement policies and procedures for analyzing PSO surveys agency-wide, including using ADE's action-planning template to help it identify predictors of post-school success and to develop standardized steps for improving transition services for its existing students.[28] As of our 24-month followup, ASDB developed a procedure requiring it to use ADE's PSO action planning template for analyzing the data obtained from PSO surveys to help improve the transition services provided to ASDB students. However, our performance audit contractor found that ASDB had not made additional progress toward implementing this recommendation since the 24-month followup.

  By not implementing its procedure to analyze the data obtained from PSO surveys, ASDB continues to lack important information to help improve the transition services provided to its students by identifying predictors of post-school success, such as career development and student skills, and by developing action planning steps to improve transition services.

Finally, our forensic audit contractor identified 1 area in which ASDB corrected deficiencies we previously identified in our 2022 ASDB performance audit and sunset review.

Specifically, ASDB:

- **Established and used a process to periodically review Itinerant Services Program fees and voucher reimbursement amounts**

  Our prior 2022 performance audit and sunset review recommended that ASDB develop and implement policies and procedures to periodically review the appropriateness of its Itinerant Services Program fees and voucher reimbursement amount, and our forensic audit contractor's review of ASDB's documented review process and its January 2025

27 Because ASDB does not track or document requests that are not approved, we were not able to assess if requests were appropriately denied.

28 See Arizona Auditor General report 22-109 *A Performance Audit and Sunset Review of Arizona State Schools for the Deaf and the Blind*.

financial analysis found it had done so.[29] This type of review is important because comparing program revenues to the costs of providing services helps ASDB determine whether its fees and reimbursement amounts remain aligned with program costs. The forensic audit contractor reported ASDB's review determined its fee-for-service and membership fee structures should be revised to better align with service delivery costs and the needs of participating schools, and it planned to implement revisions for the 2027-28 school year. Additionally, ASDB's review determined it should increase voucher reimbursement amounts paid to participating schools beginning in fiscal year 2026. For example, ASDB increased the voucher reimbursement amounts for fiscal year 2026 from $1,500 to $9,000 for students with multiple disabilities and severe sensory-impairment students, and from $1,500 to $7,500 for students with hearing impairments or visual impairments. See report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* for additional information on ASDB's process and review.

Recommendations to ASDB

1. Work with ADE and the special monitor to implement all corrective actions resulting from ADE's July 2026 investigative report, as well as addressing any additional corrective actions or recommendations identified during the monitoring process.

2. Develop and/or update and implement multiyear capital-planning policies and procedures, including requirements for regularly updating planning and associated documentation as conditions change.

3. Continue to implement the action items steps it developed related to the Tucson campus, including implementing the statutory requirements related to the Property Proceeds Fund.

4. Update and implement policies and procedures to require that all requests for the use of school tax credit monies are tracked and reviewed.

5. Implement its procedure to use ADE's PSO action-planning template for analyzing the data obtained from PSO surveys and use the result to plan and implement steps for improving transition services.

ASDB response: As outlined in its **response**, ASDB agrees with all the findings and will implement the recommendations.

[29] See Arizona Auditor General report 22-109 *A Performance Audit and Sunset Review of Arizona State Schools for the Deaf and the Blind*.

Sunset factor 3: The extent to which ASDB's key statutory objectives and purposes duplicate the objectives and purposes of other governmental agencies or private enterprises.

We identified some other governmental or private entities that are responsible for providing educational and other services to sensory impaired students in the State, similar to ASDB. However, we did not identify any entities that provide these services throughout the entire State similarly to ASDB. For example, the Foundation for Blind Children, a private nonprofit organization, offers preschool and itinerant services with teachers certified to support students with visual impairments in the Phoenix-metro area. Additionally, Desert Voices Oral Learning is a private nonprofit organization that provides support services for deaf children and daily preschool programming and support in the Phoenix-metro area. Further, the Tucson School for the Blind, a nonprofit private school, provides academic and specialized instruction to blind or visually impaired students, including braille literacy, assistive technology, mobility, and independence training.[30]

Additionally, we found that ASDB coordinates with some other public entities to avoid duplication of effort in fulfilling its objectives and purposes.

For example:

- **Early intervention programs**

  Statute requires ASDB to coordinate with various agencies on a system of early intervention programs, such as AzEIP, which provides services to sensory-impaired infants and toddlers, birth to age 3, across the State.[31] For example, ASDB coordinates with the Arizona Department of Economic Security (DES) to provide services to eligible children, such as physical therapy, occupational therapy, speech-language therapy, and technology services. To help facilitate the coordination of services and avoid duplication, ASDB and DES have entered into a formal intergovernmental agreement that outlines each entity's distinct responsibilities and duties. For example, the agreement indicates that ASDB is responsible for ensuring services are provided to infants and toddlers with disabilities and their families in a timely manner, whereas DES is responsible for the general administration and supervision of the programs and activities administered by early intervention providers.

- **Public school districts**

  Public school districts are responsible for providing a free and appropriate public education to sensory-impaired students residing in their respective districts, which includes facilitating a placement and evaluation team that reviews the results of IEP evaluations and assessments for sensory impaired students (see Introduction, pages 3 through 4, for more information). These assessments contain information about special education, related services, and supplementary aid that may be required for a student. The IEP team and the documented IEP can help ensure that ASDB and the public

30 According to the Tucson School for the Blind's website, it was cofounded in 2026 by former ASDB teachers.

31 A.R.S. §41-2022(C). Arizona's Early Intervention system is a State-wide interagency system composed of ASDB, ADE, the Arizona Department of Health Services, Arizona Department of Economic Security, and the Arizona Healthcare Cost Containment System.

school districts do not duplicate services. Specifically, finalized IEPs identify the specific services that a student may need, who will provide the service, and the service duration. Additionally, as discussed in the Introduction, when a public school district or charter school determines that a student may need services from ASDB, it contacts ASDB to conduct an evaluation of the student's sensory impairment to determine its severity and impact on the student's access to a free and appropriate education. Based on this evaluation, the team can decide to enroll the student in one of ASDB's campus-based programs or to keep the student enrolled in their home school district or charter school and either receive services from ASDB or services provided by the school district or charter school. For example, to meet the needs outlined in some students' IEPs, some school districts and charter schools have contracted with ASDB through its Regional Outreach and Cooperative Services program to provide services to students in their school districts (see Introduction, pages 2 through 3, for more information).

Sunset factor 4: The extent to which rules adopted by ASDB are consistent with the legislative mandate.

Pursuant to A.R.S. §41-1005(E), ASDB is exempt from statutory rule-making requirements, and ASDB has not adopted any rules.

Sunset factor 5: The extent to which ASDB has provided appropriate public access to records, meetings, and rulemakings, including soliciting public input in making rules and decisions.

ASDB complied with most open meeting law requirements we reviewed with some exceptions and has not adopted any rules; however, it did not solicit public input before making key operational decisions that could impact the students and families it serves and did not comply with some State public records law requirements and recommended practices.

Specifically, ASDB:

- **Complied with most open meeting law requirements reviewed but did not always ensure Board meeting records were complete or made available within required time frames, reducing transparency, and did not implement some recommended practices related to executive sessions**

  Our forensic audit contractor's review of 10 ASDB Board meetings held from January 2024 through April 2026 found that the Board complied with most open meeting law requirements it reviewed, including public notice and agenda requirements, meeting conduct, and minutes and records requirements. However, ASDB did not include the meeting location in the minutes for its January 2024 Board meeting and did not make the minutes of its April 2026 special Board meeting available to the public within 3 working days, as required by statute. In addition, although not required by statute, the Arizona Attorney General's Office recommends that agencies maintain an audio or video recording, or a transcript, of executive sessions; however, ASDB did not do so for the 6 meetings our forensic audit contractor reviewed that included an executive session.[32] Not ensuring all Board meeting records were complete or made available within required time frames reduced ASDB's transparency.

Our forensic audit contractor recommended ASDB develop and implement written procedures for preparing, reviewing, and making Board meeting minutes and recordings available for public inspection within statutorily required time frames; and develop and implement a process for creating and retaining an audio or video recording, or transcript, of executive sessions. See report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* for additional information and recommendations.

Did not solicit public input before making the decision to close and relocate its Tucson campus, including its decisions to close its residential program and not offer services to blind and visually impaired students at its relocated campus, and its public communications regarding these decisions lacked transparency regarding discontinued services and impacts to children

As previously discussed, ASDB closed its Tucson campus in May 2026 and relocated to a new school site in Oro Valley, Arizona, for the 2026-2027 school year. As part of this closure and relocation, ASDB discontinued its residential program and determined that it would not provide education and services to blind/visually impaired students at its new Oro Valley campus; however, our performance audit contractor's review of ASDB's communications to the Board and public found ASDB leadership did not solicit public input or obtain ASDB Board approval in public meetings prior to publicly announcing the relocation, and its communications to the public often lacked clarity and included contradicting information.

Specifically, our performance audit contractor found:

- ASDB's superintendent publicly announced the Tucson campus closure and relocation in January 2026 to a new leased facility in Oro Valley. This notification occurred prior to the superintendent notifying the ASDB Board in writing and/or in a public meeting about or receiving approval from the ASDB Board for the closure/relocation. The Board did not vote to approve the campus relocation and authorize the superintendent to enter into a lease agreement for the new location until its February 2026 meeting.

- Although the consequences of the relocation, such as the closure of the residential program and the inability for blind/visually impaired students to attend either of ASDB's campuses, were discussed at the Board's February 2026 meeting, the Board never specifically voted on closing the residential program.

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32 Arizona Office of the Attorney General. (2018). *Arizona agency handbook*. Retrieved 3/18/2026 from https://www.azag.gov/office/publications/agency-handbook

- The only opportunities for public discussion on the decision to relocate the Tucson campus were limited to community meetings held the week after the decision was publicly announced and during monthly Board meetings thereafter. Further, members of the public were limited to 2-minute comments at the Board meetings, and the Board and ASDB administration did not respond to all questions.

- Although ASDB's policy requires ASDB administration to engage in open communication with the community and to minimize misunderstandings, during a community meeting in January 2026, ASDB leadership stated that they made a conscious decision not to engage in open dialogue with the public before announcing their decision.[33]

- Communications to the public about the relocation decision often lacked clarity and included contradicting information. For example, neither the initial relocation announcement nor the formal presentation in public community meetings the following week indicated that the new Oro Valley location would not provide services to blind/visually impaired and residential students; however, in response to a question from the public at one of the meetings, the superintendent confirmed that ASDB would close the residential program.

- ASDB did not include an assessment of the risks and impacts of relocating students in its public communications, despite ASDB Board members, staff, parents, and other community members raising several concerns during several public community and Board meetings held in January and February 2026 and in email exchanges with ASDB leadership. For example, concerns included the potential for students to receive insufficient instructional hours at a cooperative site, exposure to bullying in a student's home district, and loss of sports and theater programs dedicated to sensory-impaired students.

The lack of engagement with stakeholders led to frustration with ASDB's lack of transparency about the decision-making process and lack of clarity on what services would be offered to blind and visually impaired children after the Tucson campus relocation. The performance audit contractor recommended ASDB identify and address any information included in public communications related to the Tucson campus relocation that contains inaccurate, inconsistent, or outdated information to minimize misunderstandings; and develop a process to ensure that public input on proposed organizational decisions that affect ASDB students is obtained and considered before seeking Board approval or implementing the decisions. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

[33] According to our performance audit contractor, when asked about this statement, the Superintendent stated that she did not recall saying it.

Was unable to provide documentation of public records requests it received, and its policies and procedures related to handling public records requests do not align with State public records law requirements or recommended practices

Statute requires ASDB to respond to all public records requests promptly.[34] To determine whether ASDB had done so, we requested that ASDB provide us with the public records requests it had received in calendar year 2025. Although ASDB staff reported that they had responded to and fulfilled public records requests in the past, ASDB was unable to provide documentation or records, such as a log, of public records requests that it had received and/or fulfilled. Absent a record of the public records requests ASDB has received and how it has responded to them, we were unable to determine whether ASDB responded to all public records requests consistent with statutory requirements. More importantly, ASDB management and leadership lack a method to ensure its staff are complying with public records laws intended to ensure transparency for the public.

Additionally, although ASDB has developed some policies and procedures for providing public access to records, our review of ASDB's policies and procedures found they do not align with all of Arizona's public records law requirements or recommended practices.

Specifically, ASDB' public records request policies:

- Do not require ASDB to either maintain a centralized online portal for public records requests that provides a receipt upon submission or provide a receipt of acknowledgement to requestors within 5 business days of the request, as required by statute.[35]

- Do not require that ADSB furnish an index of records or categories of records that have been withheld and the reasons they have been withheld from the requestor, as required by statute.[36]

- Do not require that ASDB document in its internal records which specific materials were redacted and which were provided in response to a request, consistent with recommended practices.[37]

As a result of these deficiencies in its policies and procedures, ASDB is at increased risk for failing to appropriately and timely respond to public records requests.

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[34] A.R.S. §39-121.01(D)(1).

[35] A.R.S. §39-171(B).

[36] A.R.S. §39-121.01(D)(2).

[37] Arizona Office of the Attorney General. (2018). *Arizona agency handbook*. Retrieved 3/18/2026 from https://azag.gov/office/publications/agency-handbook; Arizona Ombudsman-Citizens' Aide. (2025). *Arizona Public Records Law*. Retrieved 3/18/2026 from https://www.azoca.gov/wp-content/uploads/2025-Public-Records-Law-Booklet.pdf

Recommendations to ASDB

Revise and implement its public records policies and procedures to align with public records law requirements and recommended practices, including policies, procedures, and/or written guidance for:

6. Maintaining a centralized online portal for public records request submissions that provides a receipt upon submission or provide a receipt of acknowledgement to requestors within 5 business days of the request.

7. Documenting and tracking all public records requests, including all necessary information to ensure ASDB responds to all public records requests consistent with statutory requirements and recommended practices.

8. Furnishing an index of records or categories of records that have been withheld and the reasons they have been withheld from the requestor.

9. Documenting which specific materials were redacted from requests.

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

Sunset factor 6: The extent to which ASDB timely investigated and resolved complaints that are within its jurisdiction.

ASDB has not timely investigated and resolved some complaints within its jurisdiction. Our September 2022 performance audit and sunset review found that ASDB lacked comprehensive policies and time frames for investigating and resolving some complaints.[38] Therefore, we recommended that ASDB develop and implement policies and procedures for tracking all complaints throughout the complaint-resolution process, including establishing time frames for investigating and resolving all complaints. In response to this recommendation, ASDB developed complaint-handling policies that establish various time frames for resolving some complaints it receives.

However, our performance audit contractor reviewed all 15 complaints ASDB received between August 2024 and June 2025 and found ASDB did not timely investigate 12 of these complaints.[39] Specifically, ASDB took between 6 and 172 days beyond its required time frames to resolve these 12 complaints, including 5 complaints involving safety issues, potentially affecting student and staff safety.

[38] See Arizona Auditor General report 22-109 *A Performance Audit and Sunset Review of Arizona State Schools for the Deaf and the Blind*.

[39] ASDB's resolution time frames range from 10 business days to 60 calendar days. For example, required resolution time frames for complaints that involve informal workplace concerns must be resolved within 10 business days, and sexual harassment complaints or complaints that relate to a violation of a student's constitutional rights must be resolved within 30 days.

For example:

- ASDB took 129 days to resolve a student complaint involving violent bullying. This complaint was closed when the parents decided to transfer their student to another school.

- ASDB took 37 days to resolve a complaint about sexual harassment involving a staff member that was ultimately substantiated.

- A complaint involving sexual harassment remained opened for 202 days, and the investigation found that the claims were substantiated.

Additionally, ASDB does not have policies or guidance associated with prioritizing complaints, the proper request and approval process for extensions of complaint resolution, or information about adequate monitoring of complaint resolution.

Our performance audit contractor recommended ASDB develop and implement a policy and guidance for prioritizing complaints; ensure staff correctly prioritize complaints; and resolve complaints within time frames its policy establishes. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

Sunset factor 7: The extent to which the level of regulation exercised by ASDB is appropriate as compared to other states or best practices, or both.

This factor does not apply because ASDB is not a regulatory agency.

Sunset factor 8: The extent to which ASDB has established safeguards against possible conflicts of interest.

Our forensic audit contractor's review of ASDB's conflict-of-interest practices found that it has developed and/or implemented various processes to help ensure compliance with State conflict-of-interest requirements.

The State's conflict-of-interest requirements exist to remove or limit the possibility of personal influence from impacting a decision of a public agency employee or public officer.[40] Specifically, statute requires public agency employees, including local board members, to avoid conflicts of interest that might influence or affect their official conduct.[41,42] These laws require public agency employees/public officers to disclose substantial financial or decision-making interests in a public

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40 A.R.S. §38-502(8) defines "public officer" as all elected or appointed officers of a public agency established by charter, ordinance, resolution, State Constitution, or statute. According to the *Arizona Agency Handbook*, public officers include directors of State agencies and members of State boards, commissions, councils, and committees—whether paid or unpaid.

41 A.R.S. §38-503; AAG, 2018.

42 According to the Supreme Court's Arizona Judicial Code of Conduct, judicial employees are subject to the State's conflict-of-interest law, and its definition of judicial employees includes volunteers.

agency's official records, either through a signed document or the agency's official minutes. Statute further requires that public agency employees/public officers who have disclosed conflicts refrain from participating in matters related to the disclosed interests. To help ensure compliance with these requirements, the Arizona Department of Administration's (ADOA) State Personnel System employee handbook and conflict-of-interest disclosure form (disclosure form) require State employees to disclose if they have any business or decision-making interests, secondary employment, and relatives employed by the State at the time of initial hire and anytime there is a change.[43] The ADOA disclosure form also requires State employees to attest that they do not have any of these potential conflicts, if applicable, also known as an "affirmative no." Finally, A.R.S. §38-509 requires public agencies to maintain a special file of all documents necessary to memorialize all disclosures of substantial interest and to make this file available for public inspection.

Additionally, in response to conflict-of-interest noncompliance and violations investigated in the course of our work, such as employees/public officers failing to disclose substantial interests and participating in matters related to these interests, we have recommended several practices and actions to various school districts, State agencies, and other public entities.[44] Our recommendations are based on recommended practices for managing conflicts of interest in government and are designed to help ensure compliance with State conflict-of-interest requirements by reminding employees/public officers of the importance of complying with the State's conflict-of-interest laws.[45] Specifically, conflict-of-interest recommended practices indicate that all public agency employees and public officers complete a disclosure form annually. Recommended practices also indicate that the form include a field for the individual to provide an "affirmative no," if applicable.[46] These recommended practices also indicate that agencies develop a formal remediation process and provide periodic training to ensure that identified conflicts are appropriately addressed and help ensure conflict-of-interest requirements are met.

Our forensic audit contractor reviewed ASDB's conflict-of-interest policy, disclosure forms, training documentation, special disclosure file, and self-audit documentation, and found that ASDB:

- Requires employees and Board members to complete conflict-of-interest disclosure forms upon hire or appointment, annually, and when circumstances change. ASDB's disclosure form includes an affirmative statement allowing employees and Board members to attest that they do not have any potential conflicts of interest, if applicable. ASDB also maintains conflict-of-interest documentation in a special disclosure file available for public inspection.

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43 Arizona Department of Administration (ADOA). (2025). State personnel system: Employee handbook. Retrieved 3/18/2025 from https://drive.google.com/file/d/17iTQhTBcv88OoDbvwP0Ajt1_aZgA_n-T/view

44 See, for example, Arizona Auditor General reports 24-211 *A Performance Audit of Concho Elementary School District*; 21-404 *Wickenburg Unified School District—Criminal indictment—Conflict of interest, fraudulent schemes, and forgery*; 19-105 *A Special Audit of the Arizona School Facilities Board—Building Renewal Grant Fund*; and 17-405 *Pine-Strawberry Water Improvement District—Theft and misuse of public monies*.

45 Recommended practices we reviewed included The World Bank, Organization for Economic Continuation and Development, & United Nations Office on Drugs and Crime. (2020). *Preventing and managing conflicts of interest in the public sector: Good practices guide*. Retrieved 2/3/2026 from https://www.unodc.org/documents/corruption/Publications/2020/Preventing-and-Managing-Conflicts-of Interest-in-the-Public-Sector-Good-Practices-Guide.pdf; Francis, M.A. et al. (2025). *10 Tips for handling conflicts of interest: The year in governance*. American Bar Association. Retrieved 8/26/2025 from https://www.americanbar.org/groups/business_law/resources/ business-law-today/2025-may/10-tips-for-handling-conflicts-of-interest-the-year-in-governance/; Dobie, K. (2023). *Conflict of interest handbook*. The Ethics Institute. Retrieved 2/3/2026 from https://www.tei.org.za/wp-content/uploads/2023/09/Conflict-of-Interest-Handbook_eBook.pdf; and New York State Authorities Budget Office. (n.d.). *Conflict of interest policy for public authorities*. Retrieved 2/3/2026 from https://abo.ny.gov/system/files/documents/2025/05/conflictofinterestpolicy.pdf; Kaplin & Walker LLP. (2022). *Conflicts of interest: Best compliance practices*. Navex. Retrieved 2/3/2026 from https://cdn.navex.com/image/upload/v1649889769/resource%20 documents/conflict-of-interest-best-compliance-practices-whitepaper-2022.pdf

46 As previously discussed, the ADOA disclosure form includes a field for the individual to provide an "affirmative no."

- Established a process for reviewing and addressing disclosed conflicts. Under ASDB's process, ASDB human resources staff review disclosed conflicts, and employees and Board members with identified conflicts are required to take appropriate action, such as recusing themselves from related decision-making.

- Provides conflict-of-interest training to employees and Board members annually.

Additionally, our forensic audit contractor found that ASDB established an annual process to self-audit and monitor compliance with its conflict-of-interest policies, procedures, and processes; however, during the forensic audit, ASDB had not yet completed its first annual self-audit (see report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* for more information).

Recommendation to ASDB

10. Continue to implement its annual conflict-of-interest self-audit and address any identified deficiencies.

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

Sunset factor 9: The extent to which changes are necessary for ASDB to more efficiently and effectively fulfill its key statutory objectives and purposes or to eliminate statutory responsibilities that are no longer necessary.

Our performance audit contractor identified 2 areas where statutory changes would help ASDB to more efficiently and effectively fulfill its statutory objectives and purposes.

Specifically:

- As explained in Sunset Factor 2, Arizona statute does not require all ASDB employees to obtain and maintain a fingerprint clearance card, which limits ongoing monitoring of criminal activity and notification to ASDB of charges or convictions after an employee's initial hire background check. As a result, background check requirements are applied inconsistently across ASDB's positions, limiting ASDB's ability to identify and be notified of subsequent charges or convictions for certain noncertificated staff, including staff who may work closely with students.

  Therefore, our performance audit contractor recommended the Legislature consider revising statute to require all ASDB employees to obtain and maintain a Level I fingerprint clearance card to help ensure ASDB receives timely notification of any subsequent charges or convictions for all of its staff. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

- ASDB is a State agency and is not subject to the statutory staff-evaluation requirements established for Arizona public school districts. As a result, ASDB staff are not evaluated using the same standards applied to employees in other public education settings within the State. This misalignment increases the risk that ASDB employees are not held to the same expectations for accountability, feedback, and professional growth compared to other public education institutions, such as public school districts.

  Therefore, our performance audit contractor recommended the Legislature consider revising statute to require ASDB to align all its educational staff evaluation policies to the relevant statutory requirements applicable to other State educational bodies. See report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for additional information and recommendations.

Additionally, although we did not identify further needed changes, ASDB reported that various statutory changes are needed to help it more efficiently and effectively fulfill its key statutory objectives and purposes.[47]

Specifically, ASDB reported that:

- Although A.R.S. §15-1204 allows ASDB to receive reimbursement for transportation and capital outlay costs, such as costs to construct or upgrade buildings, statute limits the amount ASDB can be reimbursed to $50 and $100 per student, respectively. ASDB reported that these reimbursement amounts are not sufficient to cover its costs and that it plans to work with the Legislature in the 2027 legislative session to request a change in statute to increase its allowable reimbursement amounts for transportation and capital outlay costs.

- Unlike school districts, ASDB does not have the necessary financial instruments established in statute to secure revenue for its capital improvements, such as bonds or capital lease agreements. ASDB reported that it plans to work with the Legislature in the 2027 legislative session to provide ASDB with additional statutory authority related to facility construction, renovation, and repairs, such as authorizing third-party financing, lease-to-own, and lease-purchase agreements.

Sunset factor 10: The extent to which the termination of ASDB would significantly affect the public health, safety, or welfare.

Terminating ASDB would significantly impact the health and welfare of sensory-impaired students and their families in Arizona if its responsibilities were not transferred to another entity. ASDB provides educational programs and support services to sensory-impaired students and children, ages birth to 3 years old, preschool children, and K-12 students through age 21. These programs and services are intended to provide specialized instruction to assist these sensory-impaired students obtain an education in the least-restrictive setting, consistent with federal requirements. Further, ASDB is responsible for providing a free, appropriate public education to more than 855 children with disabilities in the State in compliance with IDEA.

47 ASDB reported it planned to seek the Board's approval prior to working with the Legislature on any statutory changes.

Additionally, as explained in Sunset Factor 3, page 22, ASDB works with public school districts and charter schools to serve students who live throughout the State. Although there are other entities that provide some similar services as ASDB in limited areas in the State, these resources would likely not be able to serve all the children throughout the State who attend ASDB campuses or receive services from ASDB as of August 2026.

Further, if ASDB were eliminated, Arizona's structure for providing educational and related services to sensory-impaired students would not align with most states, which have state-sponsored deaf and/or blind school(s). However, we did identify 7 states that do not have state schools for either deaf and/or blind students—Connecticut, Massachusetts, Nevada, New Hampshire, Pennsylvania, Vermont, and Wyoming—and found that these 7 states generally provide educational services to sensory-impaired students through public schools, charter schools, nonprofit organizations, and/or a combination thereof.

Specifically:

- In Connecticut, public school districts and charter schools are responsible for providing educational-related support and services to sensory-impaired students, such as speech and language services. Further, the Connecticut State Department of Education operates a resource directory that includes guidance on best practices for local school districts to develop IEPs that are aligned with Connecticut state standards.

- In Massachusetts, public school districts and charter schools are statutorily responsible for providing educational-related support and services to sensory impaired students, such as specialized audiology assessments. Additionally, the Massachusetts Department of Elementary and Secondary Education oversees that the schools meet statutory requirements to provide services to students with disabilities, including those with sensory impairments. For example, Massachusetts state requirements include physical facilities and equipment requirements, such as ensuring that students with limited mobility have necessary access to areas within the school necessary to implement the student's IEP.

- In Nevada, public school districts and charter schools are statutorily responsible for providing educational-related support and services to sensory impaired students, such as providing transition services to prepare students for adulthood. For example, sensory-impaired high school students can participate in vocational training placements with private businesses. Additionally, the Nevada Department of Education provides technical assistance for teachers and administrators of sensory impaired students. For example, it operates a resource directory that includes guidance on collaborative and inclusive classrooms for children with disabilities, such as making changes to classrooms and using special equipment to support participation by sensory-impaired students.

- In New Hampshire, public school districts are statutorily responsible for providing educational-related support and services to sensory-impaired students, such as providing instruction in braille for students with visual impairments. Additionally, nonprofit organizations within New Hampshire offer educational and related services to sensory-impaired students. For example, the New Hampshire Deaf and Hard of Hearing Education and Resource Center offers services such as in-classroom educational interpreters and a family sign language program.

- In Pennsylvania, public school districts and charter schools are responsible for providing educational-related support and services to sensory impaired students, such as speech-language pathology. Additionally, the Pennsylvania Department of Education is responsible for monitoring school district compliance with federal special education law and offers specialized training and guidance for public school district and charter school educators on special education instruction. Further, Pennsylvania has 4 private, nonprofit institutions that receive state monies to serve sensory-impaired students. For example, the Western Pennsylvania School for the Deaf (WPSD) serves deaf and hard-of-hearing students, and the Western Pennsylvania School for the Blind (WPSB) serves students who are visually impaired. Both WPSD and WPSB operate day and residential programs for their students.

- In Vermont, public school districts are responsible for providing educational-related support and services to sensory impaired students, such as providing educational interpreting to assist students with their communication skills. Additionally, the Vermont Agency of Education provides technical assistance to individual school districts related to this responsibility. For example, it provides professional development for teachers of sensory impaired students on topics such as assistive technology, discipline, and family engagement.

- In Wyoming, public school districts are statutorily responsible for providing educational-related support and services to students who are deaf or blind, such as providing audiological services, adaptive physical education programs, and individualized instruction for students. Additionally, the Wyoming Department of Education (WDE) provides support to individual school districts related to this responsibility. For example, WDE operates a public website with information about special education resources, evidence-based practices for teachers, and professional development for teachers and parents of sensory impaired students.

Finally, our performance audit contractor compared ASDB's operations to 9 schools for the deaf and blind in 6 states—California, Colorado, Montana, New Mexico, Texas, and Utah—and found that ASDB's operations were generally similar to these states, with some key differences. For example, ASDB and schools in 5 of the 6 states our performance audit contractor reviewed are governed by a board; however, California's schools for the deaf and blind are governed by the California Department of Education. Additionally, ASDB and 6 other schools our performance audit contractor reviewed use a placement-enrollment method, meaning that students must be referred to the school from their home district. For additional information on key similarities and differences between ASDB and schools for the deaf and blind in other states, see report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit*.

The Arizona Auditor General makes 10 recommendations to ASDB

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 ASDB

8. Furnishing an index of records or categories of records that have been withheld and the reasons they have been withheld from the requestor. **27**

9. Documenting which specific materials were redacted from requests. **27**

10. Continue to implement its annual conflict-of-interest self-audit and address any identified deficiencies. **30**

Prior Recommendations

ASDB has implemented 2 of 15 recommendations from our September 2022 performance audit and sunset review

Our September 2022 Arizona State Schools for the Deaf and the Blind (ASDB) performance audit and sunset review found that ASDB provides sensory-impaired students in the State with educational and support services and has processes for maintaining its campus schools' accreditation but has not developed a multiyear capital plan, impacting its ability to address its capital improvement needs, and it may be collecting more revenue than needed to administer its Itinerant Services Program. We made 15 recommendations to ASDB.[1]

ASDB's status in implementing 15 recommendations

Implementation status	Number of recommendations
Implemented	2 recommendations
N/A No longer applicable—superseded by new recommendation	13 recommendations

The Joint Legislative Audit Committee authorized the Auditor General to contract for a forensic and performance audit as part of ASDB's sunset review to examine its financial activities, operations, and student outcomes. During these 2 audits, our contractors assessed ASDB's efforts to implement outstanding recommendations and to sustain implementation of the recommendations it had implemented since our February 2025 24-month followup review. As discussed below, although ASDB has implemented 2 of the recommendations, our contractors also identified issues that resulted in us and our contractors making new recommendations that incorporated and thus superseded the remaining 13 recommendations from our 2022 performance audit and sunset review.

[1] See Arizona Auditor General report 22-109 *A Performance Audit and Sunset Review of Arizona State Schools for the Deaf and the Blind*.

Recommendations to ASDB

Finding 1: ASDB has not developed and implemented a multiyear capital plan and projected capital budget, hindering its ability to address capital improvement needs in a timely and cost-effective manner

1. ASDB should develop and implement a comprehensive, multiyear capital plan and projected capital budget that assesses, identifies, and documents its capital needs, consistent with GFOA best practices. The comprehensive, multiyear capital plan and projected capital budget should:

a. Cover a period of at least 3 years.

- Status: **No longer applicable—superseded by new recommendation.**

In our 24-month followup, we reported that ASDB had implemented recommendations 1a, 1b, and 1c, and was in the process of implementing recommendations 1d and 1e. However, our performance audit contractor found that, in January 2026, ASDB announced that it planned to close its campus in Tucson and move it to a leased space at the Copper Creek Elementary School in Oro Valley, Arizona. This change will impact ASDB's Capital Improvement Plan (CIP) and will require ASDB to reassess its project priorities, scope, timing, cost, available funding, financing strategies, and capital budget. For example, ASDB reported that its Tucson campus' relocation will result in the avoidance of approximately $45 million in capital expenditures. Additionally, our contractor found that ASDB had not provided information regarding the impact of the relocation on its CIP and had not identified new funding sources or potential financing.

To address this issue, our performance audit contractor made a new recommendation related to ASDB's capital-planning efforts that supersedes recommendations 1a through 1e (see report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for more information). Therefore, recommendations 1a through 1e are no longer applicable.

b. Identify and prioritize expected capital needs by creating a schedule for those needs based on each major capital asset's lifespan.

- Status: **No longer applicable—superseded by new recommendation.**

See explanation for recommendation 1a.

c. Determine the full extent of each project's scope, timing, and cost.

- Status: **No longer applicable—superseded by new recommendation.**

See explanation for recommendation 1a.

d. Develop financing strategies to implement projects and fund ongoing operating and maintenance costs.

- Status: **No longer applicable—superseded by new recommendation.**

  See explanation for recommendation 1a.

e. Adopt a formal capital budget as part of ASDB's annual or biannual budget process that is directly linked to, and flows from, the multiyear capital plan.

- Status: **No longer applicable—superseded by new recommendation.**

  See explanation for recommendation 1a.

2. ASDB should develop and/or update and implement multiyear capital planning policies and procedures that include the following:

a. Guidelines for creating and updating a multiyear capital plan and budget, and for coordinating multiyear capital projects, including the promotion of long-term operational and capital financing strategies.

- Status: **No longer applicable—superseded by new recommendation.**

  In our 24-month followup, we reported that ASDB was in the process of implementing recommendations 2a and 2b. However, our performance audit contractor found that ASDB had not made further modifications to its capital-planning policies and procedures subsequent to our 24-month followup. Additionally, although ASDB developed a draft policy that contained guidelines for creating a multiyear capital plan and budget, long-term operational and/or financing strategies, and a requirement to update planning documentation, the draft policy did not address coordination of or require ASDB to develop a multiyear capital budget (see report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for more information). To address these issues, we made a new recommendation to ASDB related to developing and implementing multiyear capital-planning policies, procedures, or written guidance that supersedes recommendations 2a and 2b (see Sunset Factor 2, page 21, recommendation 2). Therefore, recommendations 2a and 2b are no longer applicable.

b. Requirements for regularly updating planning and associated documentation to determine development or infrastructure needs as conditions change.

- Status: **No longer applicable—superseded by new recommendation.**

  See explanation for recommendation 2a.

Sunset Factor 2: The extent to which the agency has met its statutory objective and purpose and the efficiency with which it has operated.

3. ASDB should develop and implement policies and procedures to periodically review the appropriateness of its Itinerant Services Program (Program) fees and voucher reimbursement amount, including analyzing the costs of its processes and the services it provides, comparing these costs to the associated fees, and determining the appropriate fees and reimbursement amounts, and revise its fees and reimbursement amounts accordingly.

- Status: **Implemented at 42 months.**

  Our forensic audit contractor found that in January 2025, ASDB completed a review for its Program fees and voucher reimbursement amount and revised the amounts it reimburses back to participating schools based on its review.[2] Specifically, ASDB reviewed its fund balances, program costs, revenues, fee rates, and voucher reimbursement amounts related to the program. Based on this review, ASDB determined that it needed to make changes to better align its service delivery costs and the needs of participating schools. For example, ASDB increased the voucher reimbursement it pays back to participating schools for fiscal year 2026 from $1,500 to $9,000 for students with multiple disabilities and severe sensory impairment students. ASDB established the increased reimbursement amounts for a 2-year period and scheduled another review for January 2027. See report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* for more information.

4. ASDB should develop and implement policies and procedures for analyzing post-school outcomes (PSO) surveys agency-wide, including using ADE's PSO data-based action planning template to help it identify predictors of post-school success and to develop standardized action planning steps for improving transition services.

- Status: **No longer applicable—superseded by new recommendation.**

  Our 24-month followup reported that ASDB was in the process of implementing this recommendation. For example, ASDB had developed a procedure for analyzing PSO surveys agency-wide, including for developing an action plan to help improve the transition services provided to students. However, our performance audit contractor's review found that ASDB has not made further progress toward implementing this recommendation since our 24-month followup report (see report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for more information). To address this issue, we made a new recommendation related to ASDB's analysis of PSO surveys that supersedes this recommendation (see Sunset Factor 2, page 21, recommendation 4). Therefore, this recommendation is no longer applicable.

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[2] As of the 2026-2027 school year, ASDB changed the name of the Itinerant Services Program to the Regional and Cooperative Services Program.

Sunset Factor 3: The extent to which the agency serves the entire State rather than specific interests.

5. ASDB should develop and implement conflict-of-interest policies and procedures to help ensure it complies with State conflict-of-interest requirements and follows recommended practices, including:

a. Requiring all employees and Board members to complete a conflict-of-interest disclosure form upon hire/appointment and reminding them at least annually to update their form when their circumstances change, including attesting that no conflicts exist, if applicable, consistent with State requirements and recommended practices.

▶ Status: **No longer applicable—superseded by new recommendation.**

As of our 24-month followup report, ASDB was in the process of implementing most of our recommendations related to conflict of interest, including revising its policies, procedures, or written guidance.

Additionally, as part of its review, our forensic audit contractor found that ASDB had begun implementing its policies, procedures, or written guidance for various conflict-of-interest requirements, including for:

- Requiring employees and Board members to complete a conflict-of-interest disclosure form upon hire or appointment and when their circumstances change. Additionally, ASDB's employee and Board member disclosure forms include an "affirmative no" statement, requiring employees and Board members to attest that they do not have any potential conflicts of interest.
- Maintaining a special disclosure file available for public inspection, as required by statute.
- Reviewing and addressing disclosed conflicts. For example, Board members are required to recuse themselves from decision-making related to disclosed conflicts.
- Providing annual conflict-of-interest training to employees and Board members, which includes training on State requirements, ASDB's disclosure process, and completion of the disclosure form.

Further, our forensic audit contractor found that ASDB had established an annual process to self-audit and monitor compliance with its conflict-of-interest policies, procedures, and processes (see report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit* for more information). Because ASDB was in the process of conducting its first annual self-audit during our contractor's review, we made a new recommendation that supersedes recommendations 5a, 5b, 5c, and 6 (see Sunset Factor 8, page 30, recommendation 10). Therefore, recommendations 5a, 5b, 5c, and 6 are no longer applicable.

b. Storing all substantial interest disclosures in a special file available for public inspection, as required by statute.

- Status: **No longer applicable—superseded by new recommendation.**

  See explanation for recommendation 5a.

c. Establishing a process to review and remediate disclosed conflicts, consistent with recommended practices.

- Status: **No longer applicable—superseded by new recommendation.**

  See explanation for recommendation 5a.

6. ASDB should provide periodic training on its conflict-of-interest requirements, process, and form, including providing training to all employees and Board members on how the State's conflict-of-interest requirements relate to their unique program, function, or responsibilities.

- Status: **No longer applicable—superseded by new recommendation.**

  See explanation for recommendation 5a.

Sunset Factor 6: The extent to which the agency has been able to investigate and resolve complaints that are within its jurisdiction and the ability of the agency to timely investigate and resolve complaints within its jurisdiction.

7. ASDB should develop and implement policies and procedures for tracking all complaints throughout the complaint resolution process, including establishing time frames for investigating and resolving all complaints.

- Status: **No longer applicable—superseded by new recommendation.**

  As of our 24-month followup, ASDB was in the process of implementing this recommendation and had developed some policies, procedures, or written guidance for complaint handling.

  Our performance audit contractor reviewed ASDB's complaint-handling policies, procedures, or written guidance and found that although ASDB has developed some time frames for investigating and resolving complaints, it did not consistently investigate and resolve complaints within its established time frames, including some complaints involving student safety. Additionally, our contractor found that ASDB has not developed policies, procedures, or written guidance for prioritizing complaints, which could have contributed to the untimely resolution of complaints involving safety concerns. Our contractor made new recommendations to address these issues that supersedes this recommendation (see report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit* for more information). Therefore, this recommendation is no longer applicable.

8. ASDB should make complaint-handling information readily available on its website, including a description of ASDB's complaint-handling process and forms.

- Status: **Implemented at 24 months.**

  As of December 2024, ASDB had updated its website to provide more readily available complaint-handling information. Specifically, ASDB includes a link to its complaint-handling policies and forms on its website and developed a web-based portal for its staff and members of the public to submit complaints.

Scope and methodology

The Arizona Auditor General has conducted this sunset review of ASDB pursuant to a December 10, 2024, resolution of the Joint Legislative Audit Committee. The audit was conducted as part of the sunset review process prescribed in A.R.S. §41-2951 et seq.

We used various methods to address the audit's objectives. These methods included reviewing State statutes, rules, ASDB policies and procedures, federal law, ASDB's website, and prior Auditor General reports related to ASDB. We also interviewed ASDB staff.

In addition, we used the following specific methods to meet the audit objectives:

- To assess ASDB's compliance with federal special education law, we reviewed ADE's July 2026 investigative report and corrective actions letter.
- To assess ASDB's processes for handling State tax credit donations, we reviewed ASDB's tax credit donation logs and the Arizona Department of Revenue's website.
- To assess ASDB's compliance with the State's public records law, we reviewed ASDB documentation, recommended practices from the Arizona Ombudsman-Citizens' Aide Office and the Arizona Attorney General's *Arizona Agency Handbook*.[1]
- To assess the extent to which ASDB's key statutory objectives and purposes duplicate the objectives and purposes of other governmental agencies or private enterprises, we reviewed ASDB's statutory responsibilities related to providing services for children with sensory impairments. Additionally, we reviewed ASDB's statutory responsibilities for coordinating with other entities, including State agencies and public school districts. Finally, we reviewed the websites for private entities that provide educational services to sensory impaired students.
- To assess the provision of educational programs for children and students with sensory impairments in other states, we judgmentally selected and reviewed 7 other states' statutes and official websites.[2]
- To obtain information for the Introduction, we reviewed ASDB-prepared information related to staffing and Board member appointments and vacancies. Additionally, we reviewed, compiled, and analyzed unaudited information from AZ360, the State's financial-management system, the State of Arizona annual financial reports for fiscal years 2024 and 2025, and ASDB-provided estimates for fiscal year 2026.

[1] Arizona Office of the Attorney General. (2018). *Arizona agency handbook*. Retrieved 3/18/2026 from https://azag.gov/office/publications/agency-handbook; Arizona Ombudsman-Citizens' Aide. (2025). *Arizona Public Records Law*. Retrieved 3/18/2026 from https://www.azoca.gov/wp-content/uploads/2025-Public-Records-Law-Booklet.pdf

[2] We judgmentally selected Connecticut, Massachusetts, Nevada, New Hampshire, Pennsylvania, Vermont, and Wyoming for review because they do not operate state-sponsored schools for sensory-impaired students.

- To obtain additional information for the Sunset Factors, we reviewed:
    - Auditor General report 22-109 *A Performance Audit and Sunset Review of Arizona State Schools for the Deaf and the Blind* and the 24-Month Followup of Report 22-109.
    - Auditor General report 26-114 *Arizona State Schools for the Deaf and the Blind Performance Audit Report* conducted by Sikich CPA LLC under contract with our Office.
    - Auditor General report 26-115 *Arizona State Schools for the Deaf and the Blind Forensic Audit Report* conducted by Forensic Strategic Solutions under contract with our Office.

Our work on internal controls included, where applicable, reviewing ASDB's policies and procedures and assessing compliance with State statutes, ADE requirements, federal requirements, and recommended practices. We reported our conclusions on applicable internal controls in Sunset Factors 2, 5, 6, and 8.

We selected our audit sample(s) 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.

When relying on ASDB-provided data to support our findings and conclusions, we performed certain tests to ensure the data was sufficiently valid, reliable, and complete to meet the audit objectives. Unless otherwise noted, we determined ASDB-provided data was sufficiently valid, reliable, and complete for audit purposes.

We conducted this sunset review of ASDB 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.

We express our appreciation to ASDB Superintendent Reichman, ASDB staff, and ASDB's Board of Directors for their cooperation and assistance throughout the audit.

ASDB RESPONSE

The subsequent pages were written by the ASDB 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.

ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND
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September 18, 2026

Lindsey A. Perry, CPA, CFE
Auditor General
Arizona Office of the Auditor General
2910 N. 44th St., Suite 410
Phoenix, AZ 85018

Subject: Official Response to the Performance Audit and Sunset Review of the Arizona State Schools for the Deaf and the Blind

Dear Ms. Perry and the Arizona Auditor General Audit Team,

Thank you for providing the findings, recommendations, and final report from the Performance Audit and Sunset Review of the Arizona State Schools for the Deaf and the Blind (ASDB), conducted by the Arizona Office of the Auditor General as required by statute. We appreciate the thoroughness, professionalism, and objective approach demonstrated by your audit team throughout this evaluation process.

In accordance with the established protocol, ASDB has utilized the response template provided to document the agency's official position regarding the performance findings and statutory sunset factors. Enclosed is ASDB's completed response.

ASDB remains firmly committed to strengthening governance, internal controls, fiscal accountability, and operational effectiveness. We have reviewed the audit findings and recommendations. Our responses reflect our commitment to addressing identified concerns and establishing sustainable processes that promote public accountability and continuous improvement.

Should you or your team require additional clarification, please contact me directly at annette.reichman@asdb.az.gov. Thank you for your diligence and professionalism throughout this sunset review process.

Sincerely,

Annette Reichman
Superintendent
Arizona State Schools for the Deaf and the Blind

Cc: ASDB Board of Directors

Sunset factor 2: ASDB's effectiveness and efficiency in fulfilling its key statutory objectives and purposes.

ADE concluded that ASDB predetermined the placement for certain students who are blind, visually impaired, or receiving residential services for the 2026-2027 school year in violation of the regulations that implement IDEA.

ASDB response: The Auditor General's finding is agreed to.

Response explanation: ASDB conducted IEP meetings and transition activities for the affected students. ADE determined that the documentation did not demonstrate that IEP teams meaningfully considered the full continuum of alternative placements, including another Level D separate day-school placement, a contracted placement, or another specialized setting. ADE identified concerns regarding the placement decision-making process and documentation for certain students. ASDB completed the required review of 41 students and 14 students required additional IEP meetings to address placement and documentation concerns. ASDB will continue to participate in IEP meetings in collaboration with the district in which all placement options are discussed. ADE's corrective actions did not require ASDB to reverse its transition to a broader range of placement and service-delivery options. Furthermore, ADE instructed ASDB that it has no mechanism to offer placement options outside of its own programmatic offerings.

Recommendation 1: Work with ADE and the special monitor to implement all corrective actions resulting from ADE's July 2026 investigative report, as well as addressing any additional corrective actions or recommendations identified during the monitoring process.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB is actively working with ADE and the special monitor to implement all corrective actions and will address any additional corrective actions that may be identified by ADE and/or its special monitor.

ASDB estimated that relocating its Tucson campus to a leased facility will result in cost savings, but has not modified its Master Facilities Plan or capital plans to account for an estimated $45 million in capital costs that will no longer be needed.

ASDB response: The Auditor General's finding is agreed to.

Response explanation: ASDB will update the Tucson portion of its long-range facilities and capital planning documents following completion of its ongoing programmatic and facilities planning process. ASDB completed and received Board approval of a Master Facilities Plan in 2024 and continues to maintain an active long-range capital planning process through its annual Capital Improvement Plan (CIP) submissions. ASDB clarifies that the estimated $45 million represents potential avoidance of State General Fund expenditures, not the elimination of identified capital needs. As contemplated in the 2024 Master Facilities Plan, the potential sale of surplus property could provide an alternative funding source for future capital improvements, subject to Board approval.

Recommendation 2: Develop and/or update and implement multiyear capital-planning policies and procedures, including requirements for regularly updating planning and associated documentation as conditions change.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB will review and update its multi-year capital-planning policies and procedures, as appropriate. The current multiyear capital-planning document - the Master Facility Plan - is being updated to reflect the relocation from the Tucson campus to the Oro Valley campus, and assess options for sale of part or all of the Tucson campus, in order for ASDB to fund its own capital needs. Revisions to the master facility plan will adjust and document any potential cost avoidance from the original plan.

Recommendation 3: Continue to implement the action items steps it developed related to the Tucson campus, including implementing the statutory requirements related to the Property Proceeds Fund.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB agrees with this recommendation and is actively progressing through its action items, including coordinating with the Arizona Department of Administration (ADOA) to secure complete title reports, obtaining independent property and building appraisals, and engaging community stakeholders to gather input regarding future options. ASDB will present formal land-use options to the Board of Directors for consideration. Should the Board determine to sell or lease the property, ASDB will work with the state-contracted real estate broker for public marketing and will comply fully with Laws 2026, Ch. 135, §4 by depositing all proceeds into the legislatively established Property Proceeds Fund. Furthermore, ASDB will complete its required progress reporting on the Property Proceeds Fund to the Legislature.

ASDB has developed policies and procedures for tracking State tax credit donations and approving staff requests to use donation monies for eligible purposes but lacks a requirement for tracking unapproved staff requests.

ASDB response: The Auditor General's finding is agreed to.

Response explanation: ASDB will update its procedures to log, track, and document unapproved staff requests.

Recommendation 4: Update and implement policies and procedures to require that all requests for the use of school tax credit monies are tracked and reviewed.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB currently maintains thorough records of all tax credit donations received and tracks all approved requests; however, the agency agrees with the recommendation and will update its procedures to log, track, and document all unapproved staff requests as well.

ASDB has not fully implemented our recommendations for improving transition services for students.

ASDB response: The Auditor General's finding is agreed to.

Response explanation: ASDB developed a written, standardized procedure for collecting and analyzing its survey results agency-wide, identifying and informing students, and identifying the staff responsible for gathering responses. ASDB recognizes that it did not complete the ADEPSO action planning template annually since the 2022 audit.

Recommendation 5: Implement its procedure to use ADE's PSO action-planning template for analyzing the data obtained from PSO surveys and use the result to plan and implement steps for improving transition services.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB will fully implement its procedures to use ADEPSO action-planning template for analyzing the data obtained from PSO surveys and use the result to plan and implement steps for improving transition services.

Sunset factor 5: The extent to which ASDB has provided appropriate public access to records, meetings, and rulemakings, including soliciting public input in making rules and decisions.

ASDB was unable to provide documentation of public records requests it received and its policies and procedures related to handling public records requests do not align with State public records law requirements or recommended practices.

ASDB response: The Auditor General's finding is agreed to.

Response explanation: ASDB will develop written guidance to ensure documentation of public records requests align with public records law requirements and best practices.

ASDB should revise and implement its public records policies and procedures to align with public records law requirements and recommended practices, including policies, procedures, and/or written guidance for:

Recommendation 6: Maintaining a centralized online portal for public records request submissions that provides a receipt upon submission or provide a receipt of acknowledgement to requestors within 5 business days of the request.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB is currently working with the vendor that supports its existing complaints system and process to expand the portal to include a public records request feature. The centralized portal will allow ASDB to manage public records requests in one location and provide requestors with a receipt or acknowledgement confirming that their request has been received. ASDB is striving to roll out this feature by the end of the calendar year.

Recommendation 7: Documenting and tracking all public records requests, including all necessary information to ensure ASDB responds to all public records requests consistent with statutory requirements and recommended practices.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB is currently in the process of working with the current vendor that is used for the complaints system and process. ASDB is looking to add the public records requests feature into the same portal. This portal will allow it to become more centralized. ASDB is striving to roll out this feature by the end of the calendar year. ASDB will develop written guidance for documenting and tracking all public records.

Recommendation 8: Furnishing an index of records or categories of records that have been withheld and the reasons they have been withheld from the requestor.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB is currently in the process of working with the current vendor that is used for the complaints system and process. ASDB is looking to add the public records requests feature into the same portal. This portal will allow it to become more centralized. ASDB is striving to roll out this feature by the end of the calendar year. ASDB will develop written guidance for furnishing an index of records or categories of records that have been withheld and the reasons they have been withheld from the requestor.

Recommendation 9: Documenting which specific materials were redacted from requests.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB will retain the unredacted (original) copy and the redacted copy within the same file to maintain a record of the information that was redacted. ASDB will document the specific materials, documents, or portions of records that were redacted and the applicable basis for each redaction. Redactions will be made in accordance with applicable privacy requirements and confidentiality guidelines.

Sunset factor 8: The extent to which ASDB has established safeguards against possible conflicts of interest.

ASDB established an annual process to self-audit and monitor compliance with its conflict-of-interest policies, procedures, and processes; however, during the forensic audit, ASDB had not yet completed its first annual self-audit.

ASDB response: The Auditor General's finding is agreed to.

Response explanation: ASDB will continue with the process of documenting conflict of interest and will continue to conduct annual self-audits in order to monitor compliance.

Recommendation 10: Continue to implement its annual conflict-of-interest self-audit and address any identified deficiencies.

ASDB response: The audit recommendation will be implemented.

Response explanation: ASDB will continue to implement the annual conflict-of-interest self-audit and address any identified deficiencies.