ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND
Administrative Offices
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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

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.

<u>ASDB response:</u> The Auditor General's finding is agreed to.

<u>Response explanation:</u> 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.

<u>ASDB response:</u> The audit recommendation will be implemented.

<u>Response explanation:</u> 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.

<u>ASDB response:</u> The Auditor General's finding is agreed to.

<u>Response explanation:</u> 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.