ARIZONA Auditor General
Making a Positive Difference

Northeast Arizona Technological Institute of Vocational Education

30-Month Followup of Performance Audit Report 24-201

The January 2024 Northeast Arizona Technological Institute of Vocational Education performance audit found that the District spent nearly $3 million on career and technical education (CTE) programs in fiscal year 2021 but lacked a comprehensive plan for its central CTE programs, lacked key outcome data showing its programs effectively prepared students for high-need occupations, accumulated over $4 million in fund balances by the end of fiscal year 2021 but did not have a policy directing the amount or purpose of monies to be maintained in its general fund, and assigned some accounting system users too much access. We made **8** recommendations to the District.

District's status in implementing 8 recommendations

Implementation status	Number of recommendations
Partially implemented	4 recommendations
Not implemented	**4 recommendations**

Given the District's lack of progress in implementing the recommendations from the January 2024 performance audit, we are referring this report to the Joint Legislative Audit Committee (JLAC) for its consideration and any further action. Unless otherwise directed by JLAC, this report concludes our followup work on the District's efforts to implement the recommendations from the January 2024 report.

Recommendations to the District

Finding 1: District lacked a comprehensive plan for its central campus, resulting in unused facilities and an increased risk of wasteful spending on unsustainable programs

1. The District should develop strategic planning policies and procedures, including guidelines and instruments for assessing current central programs and expansion viability such as evaluating student interest, determining eligible student populations, and attracting and retaining qualified CTE program instructors.

- Status: **Partially implemented at 30 months.**

  Since the audit, the District has created and revised strategic planning policies and procedures for assessing potential new CTE programs' viability. The District's policies and procedures indicate that the District will assess potential program viability based on teacher and budget availability, facilities and equipment, and student interest. However, the District's procedures continue to lack details about how the District will determine eligible student populations or attract and retain qualified CTE program instructors. According to District officials, the District has not yet considered any potential new CTE programs, so the District has not used its program-assessment procedures. Additionally, the revised procedures lack details for assessing the District's current central programs, as recommended. Since the audit and in fiscal year 2025, the District has discontinued 1 of its 3 central programs—its Home Health Aide program—because it could not find qualified instructors.

2. The District should develop and follow a comprehensive strategic plan in accordance with recommended practices that includes the District's goals for the operation of its central campus, including assessing whether it is practical to expand its central campus programs and facilities.

- Status: **Not implemented.**

  Since the audit, the District developed a strategic plan, but as we reported in our prior followups, the plan is incomplete and lacks specific information about how the District plans to achieve its strategic goals. For example, the District's plan states that it will maintain quality CTE programming and includes a strategy of using data to make decisions about programs, facilities, equipment, and student opportunities. However, the strategic plan does not explain what this data is or how the District will obtain or use it to inform its decision making. Additionally, the District's plan does not include strategies or goals related to assessing whether it is practical and beneficial to expand its central campus programs and facilities. By not developing a comprehensive plan consistent with recommended practices, the District continues to increase the risk that it spends public monies on central campus programs that it may be unable to sustainably operate.

Finding 2: District's lack of key outcome data prevents it from demonstrating how the nearly $3 million it spent on programs in fiscal year 2021 effectively prepared students for high-need occupations

3. The District should develop and implement consistent data collection protocols for all CTE programs. This includes collecting and validating complete data, such as data related to student certifications earned and post-graduate jobs obtained, as well as developing a process to track all outcome data.

- Status: **Partially implemented at 30 months.**

  Since the audit, the District has developed procedures for collecting outcome data for its CTE programs, including both central and satellite programs. The District's procedures specify the timelines for data collection and submission, the data to be collected, and how the District will validate the collected data. We reviewed all the certification-attainment and postgraduation job-placement data the District collected for its central program students during fiscal year 2026, which consisted of 1 student certification its students earned in its 2 central programs, and determined the District followed its updated procedures.

  However, the District continued to not review or validate any program outcome data reported for its satellite program students, which accounted for 5,562 of 5,944, or approximately 94%, of the District's fiscal year 2025 enrollments. Without ensuring all member districts consistently collect and validate student outcome data, the District lacks the information necessary to demonstrate that its satellite CTE programs were effective in achieving its statutory purpose of preparing students for high-need occupations.

4. The District should analyze all CTE program outcome data to evaluate the effectiveness of its CTE programs in preparing students for high-need occupations and to support the investment of any public monies, and use the results of its evaluations to make changes to its programs to ensure they are meeting their statutory purpose of preparing students for jobs in high-needs occupations.

- Status: **Not implemented.**

  As discussed in recommendation 3, while the District developed procedures for collecting, validating, and evaluating CTE program outcome data for all its CTE programs, it collected program outcome data only for its 2 central programs. Without complete and accurate program outcome data, including postgraduation job-placement and certification-attainment data for both its central and satellite programs, the District is unable to evaluate its programs' effectiveness in preparing students for high-need occupations or identify programs that may require changes or improvements.

  Further, our review of central outcome data collected during fiscal year 2026 found that 1 student, or less than 3% of the 40 students who completed their CTE programs, earned a certification, while none of the students were placed in a job related to their CTED program of study 1 year after graduation. Outcome data for the District's central

programs collected during fiscal year 2025 also showed that only 1 of the 36 students who completed their CTE programs earned a certification, and 1 other student was placed in a job related to their CTED program of study 1 year after graduation. Despite the low percentages of central students earning certifications and obtaining employment in related fields which may indicate that the programs are ineffective in preparing students for high-need occupations, District officials informed us that they had not made any program changes based on the central program outcome data they collected.

Finding 3: District accumulated over $4 million in fund balances by end of fiscal year 2021 but did not have policy regarding amount to be maintained in its general fund or its intended purpose

5. The District should implement GFOA's best practices recommendations and develop and implement a formal fund balance policy for its general fund regarding the level and purpose of these monies, including considering the financial resources available in other funds when assessing the adequacy of the unrestricted fund balance in the general fund.

- Status: **Partially implemented at 30 months.**

  Since the audit, the District developed a formal general fund balance policy that includes some GFOA-recommended elements. For example, the District's policy specifies that it will retain a maximum fund balance equal to 30% of its annual operating expenditures. The policy also sets a minimum general fund balance equal to 16.7% of annual operating expenditures and specifies the actions the District will take if its general fund balance falls below the minimum it established. Under the District's policy, the District should have maintained between $700,000 and $1.2 million in its fund balance in fiscal year 2026.

  However, the District's general fund balance in fiscal year 2026 was approximately $4.1 million—or about $2.9 million more than the maximum amount specified in its fund balance policy.[1] Additionally, the District's plan does not address how it will use all excess fund balance monies and does not consider other financial resources available.

6. The District should develop and implement a plan to spend on its CTE programs any unrestricted fund balance in its general fund that is greater than the level it has adopted in its formal fund balance policy, which may include working with its member districts to help purchase needed equipment and update facilities for member districts' satellite programs.

- Status: **Not implemented.**

  The District's policy for its general fund balance only addresses how a portion of any excess monies should be used. Furthermore, the District has failed to expend some of these monies as planned. For example, since the audit, the District has not followed its plan to spend $400,000 annually from its excess fund balance to purchase needed equipment and facility updates for satellite CTE programs. District officials stated that

[1] The District's general fund comprises its Maintenance and Operations Fund and its Unrestricted Capital Outlay Fund.

they believed member districts were aware that these monies were available, and they were waiting for member districts to make specific capital purchase requests. However, the District has not established a formal request process. As a result, member district officials may not know how to request this additional funding for capital purchases. Additionally, by not spending these monies in accordance with its plan, the District has continued to accumulate monies in its general fund and not use them for their intended purpose of supporting the District's CTE programs.

Finding 4: District assigned some users too much access to its accounting system, increasing its risk of errors and fraud

7. The District should protect its sensitive computerized data by limiting users' access in the accounting system to only those accounting system functions needed to perform their job duties, including removing administrator-level access of day-to-day users.

- Status: **Not implemented.**

  Our August 2026 review of the District's 11 accounting system users' access levels found that 8 users continued to have more access than needed to perform their job duties, which was 2 more users than we identified with excessive system access in our previous followups. Six of these users were from the county that hosts the District's accounting system, 1 user was a District consultant, and 1 user was a District employee. However, the District had not verified that each user's access level was necessary for them to perform their job duties. Additionally, the District continued to improperly grant administrator-level access to 7 users, including 6 county users and 1 District employee, which is also 2 more users than we identified in our previous followups. This level of access gave these users full control over accounting system settings. According to District officials, this level of access is necessary due to the District's limited staff. However, allowing such broad access increased the District's risk of errors and fraud, and the District had not implemented additional compensating controls, such as management reviews of system changes, to mitigate the risks of the excessive system access it continues to provide.

8. The District should establish and implement written policies and procedures to assign and periodically review system access for employee accounts in the accounting system to ensure they have access to only those accounting system functions needed to perform their job duties.

- Status: **Partially implemented at 30 months.**

  In August 2025, the District's Governing Board approved written policies and procedures detailing how the District should assign and periodically review accounting system access for all users. The policies and procedures include limiting users' access to only those functions needed to perform their job duties and performing semiannual reviews of user access. District officials completed the first semiannual review of accounting system access in July 2026 but did not identify any users with excessive system access and, as a result, did not make any significant changes to users' access.

However, as discussed in recommendation 7, we identified 8 users with more access than needed to perform their job duties, which is an issue that has persisted since the performance audit, increasing the risk of fraud, unauthorized access to sensitive District data, and data loss. In addition to the updated procedures previously described, in September 2026, District officials stated that they planned on documenting additional management-review processes for payroll and purchasing outside of the accounting system to ensure no improper transactions have taken place, but they had not yet implemented the procedures at the time of our review.