

**Douglas A. Ducey**  
Governor



**Andy Tobin**  
Director

**ARIZONA SCHOOL FACILITIES BOARD**

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September 22, 2021

Lindsey Perry  
Office of the Auditor General  
2910 North 44th Street, Suite 410  
Phoenix, Arizona 85018

Dear Director Perry:

Please find the School Facilities Board response to the Auditor General's Sunset Audit Report.

Our agency would like to thank the auditors for their thorough effort in understanding our processes, efforts, and challenges we face in advancing the mission of the SFB. It is important to emphasize that we agree with the findings and will put processes in place to continuously improve our operations and service to Arizonans .

Sincerely;

A handwritten signature in black ink that reads "Andy M. Tobin".

Andy Tobin  
Director  
Arizona School Facilities Board  
Arizona Department of Administration

**AUDITOR GENERAL'S FINAL DRAFT SUNSET AUDIT**  
**SFB RESPONSE**  
**September 22, 2021**

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**Finding 1:** Board has not inspected school buildings as required by statute, limiting its ability to ensure student and staff health and safety and efficient use of State monies

**Recommendation 1:** The Board should ensure all school buildings are inspected as required by statute, by either conducting inspections, contracting for inspections, or certifying districts' self-inspections.

Board response: The finding of the Auditor General is [agreed to and the audit recommendation will be implemented.](#)

Response explanation: The School Facilities Board (SFB), soon to be the School Facilities Oversight Board (SFOB), is developing two new programs in order to meet requirements laid out in statute to complete the 5-Year Minimum School Facility Adequacy Guideline Assessments and the 20 random Preventive Maintenance Inspections over 30 months. The first program is the virtual inspection program which is being piloted with a school district in Arizona. This pilot will be complete by the end of 2021. 20 virtual inspections are planned for the start of 2022 involving Department of Administration and district staff.. Each year, liaisons will participate in a training for the program prior to scheduling these inspections for the year. The second program, which will be available as an alternative option to districts that elect not to participate in the virtual inspection program, will be accomplished through third party vendors that follow a provided checklist and training in order to complete the assessments. This checklist will allow districts to submit their assessments and inspections to the SFOB for review and approval. The agency is currently drafting an "Assessment & Inspection Policy" that, if adopted by SFB, will determine the process for requesting a third party assessment and inspection as well as include instructions for agency or district staff to procure the third party vendors through the Building Renewal Grant Fund. The SFB plans to align the procurement of these vendors with existing processes and contracts with the General Services Division at the Department of Administration. This policy will include a checklist of certifying requirements for agency staff to verify completion of these assessments and inspections. These programs and recommendations will be completed by **January 1, 2022.**

**Recommendation 2:** The Board should develop and implement policies, procedures, and/or other written guidance for staff and contractors to follow when conducting school building inspections and/or certifying districts' self-inspections, and provide training on these policies, procedures, and/or written guidance to relevant staff and contractors.

Board response: The finding of the Auditor General is [agreed to and the audit recommendation will be implemented.](#)

Response explanation: The SFB is in process of developing these policies, procedures and guidance as discussed in Recommendation 1 for Finding 1.

**Recommendation 3:** The Board should complete development of and implement written policies, procedures, and district guidance for its district self-inspection program, including processes for staff and contractors to verify or validate inspection information submitted by districts, which could be done using a risk-based or sampling approach. Once completed, the Board should provide training on these policies, procedures, and guidance to relevant staff, contractors, and districts.

Board response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: Standard Work, or Standard Operating Procedures, are being developed per recommendations 1, 2, and 3 that includes training for all staff once a year prior to the scheduling of assessments and inspections. The SFB is in process of developing these policies, procedures and guidance as discussed in Recommendation 1 for Finding 1.

**Recommendation 4:** Once implemented, the Board should assess its district self-inspection program and the verification of district inspections to ensure it helps the Board meet its statutory requirements for inspecting districts, and make changes as needed.

Board response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The virtual self inspection program is completing its pilot and will be refined before moving forward to include additional districts. It has already produced positive results and feedback. The agency will move forward with this program and make changes as needed or if needed. Auditor General staff have participated in these pilot meetings as well. The Board will include a satisfaction survey for districts and vendors to fill out and make additional improvements or recommendations.

**Finding 2:** Inaccurate square footage information in Board's database could result in excess spending of NSF Fund monies, inefficient spending on excess space, and inadequate classroom space

**Recommendation 5:** The Board should ensure the accuracy of district school building square footage and usage information in its database and develop and implement policies and procedures for doing so, including:

**Recommendation 5a:** Reviewing and auditing school building square footage and usage information in its database for districts requesting NSF Fund monies.

Board response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The SFB reviews and audits school building square footage through its Annual Reporting process. All districts are required by Statute to submit updates to their building

inventory each year. Staff requests CAD drawings for all new buildings, in order for the SFB consultant architect to verify the square footage reported by districts (see snip below).

The screenshot shows a web-based form titled "New Square Footage - Add / Edit Buildings" under the "School Facilities Board" section. The form is for "Elementary School #6". It contains several input fields: "Building Description", "Building Use", "Building Type" (a dropdown menu currently set to "Permanent"), "Fiscal Year Built" (a text box with "2021"), "Grades Served", "Gross Area" (a text box with "0"), "District Administrative Area" (a text box with "0"), and "District Administration Area Description" (a large text area). A yellow highlight covers a note that reads: "SFB staff must verify square footage and Guidelines compliance for new buildings. Please submit: AutoCad and/or Revit files of the floor plan(s), roof plan, and exterior elevations as well as a complete set of as-built PDF files to krobison@azsfb.gov and drogers@azsfb.gov." At the bottom, there is a checkbox labeled "Interior Corridors" which is currently unchecked.

Districts requesting new facilities must submit a capital plan identifying this need. Prior to or during the projection process completed by Arizona State University (ASU), staff reviews and incorporates the updated building information which is used to generate the district's capacity. This process for verifying square footage has proven to be reliable in previous facility projects. Capacity is then compared to projections to determine the need for new space. The SFB will review the Annual Reporting and capital plan processes to look for potential improvements to audit school capacity information that is both accurate and up to date.

**Recommendation 5b:** Establishing steps for staff, contractors, and districts to review and verify school building square footage and usage information in the Board's database when they conduct statutorily required school building inspections.

Board response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Board will review additional strategies to include this square footage review in the statutory responsibilities identified in Finding 1. Square footage is already reviewed through the New School Facility approval process described in Recommendation 5a. However, the priority of completing those assessments and inspections should not be held back by other objectives not required of the agency by statute. Statute already requires districts to submit this information to the Board and staff sends reminders to districts each year to complete their annual reporting requirements.

*A.R.S. § 15-2002; Powers and duties; staffing; reporting requirements (2): **Each school district shall report to the school facilities board** no later than September 1 of each year information as required by the school facilities board for the administration of the building renewal grant fund and computation of new school facilities formula distributions, including the nature and cost of major repairs, renovations or physical improvements to or replacement of building systems or*

*equipment that were made in the previous year and that were paid for either with local monies or monies provided by the school facilities board from the building renewal grant fund. Each school district shall report any school or school buildings that have been closed, that are vacant or partially used pursuant to section 15-119 and that have been leased to another entity or that operate as a charter school.*

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

**Recommendation 6:** The Board should annually publish a list of vacant and partially used school buildings that are owned by districts or the State and that may be suitable for the operation of a school, as required by statute, and develop and implement policies and procedures for creating and publishing the report.

Board response: The finding of the Auditor General is [agreed to and the audit recommendation will be implemented.](#)

Response explanation: The SFB published this list on its website in March 2021, and will continue to publish annually. This year, the SFB revamped its report to include information on each school district regardless if they have responded to our request for information or not. Staff will improve on these recent changes to develop internal procedures to complete this annual report. This will be completed prior to the next report in 2022.

**Recommendation 7:** The Board should work with stakeholders and the Legislature to identify statutory changes to help improve districts' compliance with statutory requirements to submit vacant space information to the Board and then work with the Legislature to pursue any needed statutory changes.

Board response: The finding of the Auditor General is [agreed to and the audit recommendation will be implemented.](#)

Response explanation: The SFB is in process of developing these policies, procedures and guidance as discussed in Recommendation 1 for Finding 1. If further statutory changes are required, the Board will work with the necessary parties to propose further changes.

**Recommendation 8:** The Board should revise its process for evaluating and revising districts' enrollment projections to require its model to include multiple assumptions about the long-term effects of extraordinary circumstances, such as the COVID-19 pandemic, on student enrollment to provide a range of enrollment projections for future years.

Board response: The finding of the Auditor General is [agreed to and the audit recommendation will be implemented.](#)

Response explanation: The agency will continue to improve on its process for evaluating and awarding or denying new school facility space. The agency has an ongoing relationship with

Arizona State University and is in the process of updating its methodology and reviewing its past approvals. The agency plans to include the multiple assumptions to the Board in future meetings.

**Recommendation 9:** The Board should follow its process to evaluate revised enrollment projections for the 5 districts approved for NSF Fund monies in fiscal year 2021 prior to distributing monies to pay for construction. If revised enrollment projections indicate that a district needs less additional space than originally determined or no longer needs additional space, the Board should revise the amount of funding it will provide for construction or decline to fund the project, as appropriate.

Board response: The finding of the Auditor General is [agreed to and the audit recommendation will be implemented.](#)

Response explanation: The agency will continue to follow its current practice to re-evaluate new school facility projections a second time prior to releasing construction funding for new construction projects. If the re-evaluated projections determine that there is a change in either capacity or population growth, the Board will work to revise its award to the appropriate square footage the district needs and funding for that space, as appropriate.

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

**Recommendation 10:** The Board should revise its conflict-of-interest policy to require Board employees to annually submit conflict-of-interest disclosure forms, and pursuant to the revised policy, ensure all employees and Board members annually submit conflict-of-interest disclosure forms.

Board response: The finding of the Auditor General is [agreed to and the audit recommendation will be implemented.](#)

Response explanation: The updated policy will include an annual date for all staff and SFB members to comply with. This recommendation will be completed by November 3, 2021.