



"We are committed to respect,  
support, and the well-being of all"

*Annette Reichman*, Superintendent  
*Douglas A. Ducey*, Governor

*Arizona State Schools for the Deaf and the Blind*

September 23, 2022

Lindsay Perry, CPA, CFE  
Auditor General  
2910 N 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Perry:

Attached to this letter is the Arizona State Schools for the Deaf and the Blind's (ASDB) final response to the revised final auditor general report draft. We understand that our final response will be included within the published report. Our response addresses each recommendation in the revised final report draft and includes additional comments as appropriate.

I want to express my appreciation to Mr. Marc Owen and his team for the courteous guidance they have provided to the ASDB leadership team through this process.

Please let us know if there are additional items, we need to complete/submit.

Sincerely,

Annette Reichman  
Superintendent

cc. Marc Owen, Performance Audit Manager (mowen@azauditor.gov)

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

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

**Recommendation 1a:** Cover a period of at least 3 years.

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

Response explanation: ASDB will implement a master facility plan that establishes a framework for orderly growth/consolidation and development of capital improvements on ASDB campuses. It will be responsive to ASDB's current and projected needs and sufficiently flexible to accommodate changes that can be expected to occur. Utilizing the agency strategic plan it will align the agency's campuses and leased space to meet the programmatic requirements agency-wide. This multi-year plan will cover more than 3 years and will assess, identify and document all capital needs consistent with GFOA best practices." The Master Facility Plan will consist of 5 sections.

1. Educational Programs - Review what programs will be continued into the future or suspended and explore new programs that can be implemented to better serve our student population.
2. Current Facilities - In conjunction with the Demographic Study and the Educational Programs, evaluate potential buildings to renovate, demolish, and construct new buildings. This will encompass a 3-year period or more in order to effectively plan based on GFOA best practices.
3. Demographic Study - Review demographic studies and incorporate it into the planning process. Using informative data ASDB shall address underutilized facilities in order to determine future capital plans.
4. Implementation Plan - With the assistance of an architectural design firm design the required infrastructure for renovation, demolition, and new construction. Work with various parties to establish funding and support.
5. Evaluation Plan - Based on the initial planning process in conjunction with the ASDB Board establish new policies and procedures to ensure that ASDB has adopted the continuous improvement plan for Master Facility Planning.

ASDB's Master Facility Plan shall cover a 3 to 5-year period in order to sufficiently plan for antiquated building systems as well as new systems based on demographic changes. This will be addressed in sections 2 and 4 of the master facility plan.

**Recommendation 1b:** Identify and prioritize expected capital needs by creating a schedule for those needs based on each major capital asset's lifespan.

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

Response explanation: ASDB shall address this in the Master Facility Plan in sections 1, 2, 3 and 4. The Master Facility Plan will utilize demographic information (Section 3) in

conjunction with educational programs (Section 1) to identify and prioritize capital needs by creating schedules for replacement based on the asset's lifespan (Section 2). This will then drive an implementation plan (Section 4) to address each of those capital assets.

**Recommendation 1c:** Determine the full extent of each project's scope, timing, and cost.

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

Response explanation: The implementation plan (Section 4) of the Master Facility Plan shall address the project's scope, timing, and cost. This will be produced by an architectural firm in rough order of magnitude. The rough order of magnitude will be incorporated into the capital requests and fiscal planning.

**Recommendation 1d:** Develop financing strategies to implement projects and fund ongoing operating and maintenance costs.

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

Response explanation: The implementation plan (Section 4) of the Master Facility Plan shall address financing strategies to implement the projects and fund ongoing maintenance and operating costs. In addition, by utilizing the demographic information and projections, ASDB will better understand and prioritize the implementation plan to address vacant and underutilized buildings.

**Recommendation 1e:** Adopt a formal capital budget as part of ASDB's annual or biannual budget process that is directly linked to, and flows from, the multi-year capital plan.

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

Response explanation: The Evaluation section (Section 5) of the Master Facility Plan will address the adoption of new policies and procedures regarding long-range facility/capital planning. The adoption of a formal capital budget as part of the annual or biannual budget process. This will be done in conjunction with ADOA's CIP/Building Renewal process, ASDB's Capital Review Committee Budget and other financial budgeting practices/funds.

**Recommendation 2:** ASDB should develop and/or update and implement multi-year capital planning policies and procedures that include the following:

**Recommendation 2a:** Guidelines for creating and updating a multi-year capital plan and budget, and for coordinating multi-year capital projects, including the promotion of long-term operational and capital financing strategies.

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

Response explanation: ASDB shall utilize the Master Facility Plan to address this finding. The Implementation and Evaluation sections (Sections 4 and 5) will take the plan and implement it into our multi-year capital planning process. Section 5 will address the creation

of new standards, policies, and procedures.

Sections 4 and 5 will address the guidelines regarding the implementation and promotion of long-term operational and capital financing strategies.

**Recommendation 2b:** Requirements for regularly updating planning and associated documentation to determine development or infrastructure needs as conditions change.

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

Response explanation: Section 5 will address this by implementing new board policies that require regular updating of the Master Facility Plan and ensuring that it is flexible in nature to change with new data and information.

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

**Recommendation 3:** ASDB should develop and implement policies and procedures to periodically review the appropriateness of its Itinerant Services 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.

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

Response explanation: ASDB will develop and implement written fiscal policies and procedures to periodically assess the operational efficiency of the Itinerant Services Program to ensure that revenues align with operating costs. The assessment will include conducting a thorough analysis of revenues, operating costs, and future operational needs to ensure the Itinerant Services Program fund balances do not exceed reasonable thresholds. A structured approach for the assessment will also include, but not be limited to:

- evaluating the various types of services provided, how those services are being delivered, and the rationale for providing them;
- identifying a provision of the correct amount of funding for these services which includes having a consistent and standardized mechanism of determining the funding for each student, i.e. fee-for-service or institutional voucher; and,
- in a cost-effective way, ensuring that the costs of providing services to students are being covered by assessing operations, tracking costs, and developing a methodology for evaluating and updating the appropriateness of fees and voucher reimbursement amounts.

**Recommendation 4:** ASDB should develop and implement policies and procedures for analyzing 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.

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

Response explanation: ASDB will use the ADE PSO data-based action planning template to analyze survey data to improve transition services for the Phoenix and Tucson campus. ASDB will form a committee to meet annually to review and analyze these data; the outcomes will inform the focus for programmatic adjustments/changes.

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

**Recommendation 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:

**Recommendation 5a:** 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.

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

Response explanation: ASDB will fully align its conflict of interest policies and processes with Arizona Revised Statutes and recommended practices that requires all its staff and Board members to complete a conflict-of-interest disclosure form upon hire or appointment, and annually thereafter. The policy and processes shall also include an annual reminder them to complete a disclosure form when their circumstances change. The required form shall also include a field for the individual to provide an “affirmative no,” which ensures that employees and Board members attest that they do not have any potential conflicts of interest. The policy shall also include a formal remediation process to help ensure that identified conflicts are appropriately addressed, and note that ASDB shall provide periodic training to ensure that identified conflicts are appropriately addressed.

**Recommendation 5b:** Storing all substantial interest disclosures in a special file available for public inspection, as required by statute.

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

Response explanation: ASDB shall ensure compliance with A.R.S. §38-509, which requires public agencies to maintain a special file of all documents necessary to memorialize all disclosures of substantial interest, and make this file available for public inspection.

**Recommendation 5c:** Establishing a process to review and remediate disclosed conflicts, consistent with recommended practices.

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

Response explanation: When a staff member or board member experiences a conflict of interest, they may resolve the situation by choosing to either: abandon one of the conflicting roles, or recuse themselves from the relevant decision-making process. A form has been developed to capture conflicts of interest/secondary employment. This form will be required to be completed annually through our LINQ Forms website. This form will be routed for approvals and recommendations based on the staff member/board member responses.

**Recommendation 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.

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

Response explanation: ASDB will provide a conflict-of-interest training on an annual basis. This training will be published in our safe schools' platform for staff members and Board members to complete each July. The training will include the requirements, process, and form completion.

**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.

**Recommendation 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.

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

Response explanation: ASDB will ensure all complaint policies include time frames for investigating and resolving complaints from staff, students, parents, and the public. We will implement procedures to track complaints from students, parents, and the public of which will be done by the Assistant Superintendent and/or Superintendent.

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

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

Response explanation: ASDB's website shall be revised to include readily available information explaining ASDB's complaint-handling processes, including how to file a complaint; when and how complainants should expect a response to and/or resolution of the complaint; and provide contact information for persons available to help parents, students, and the public submit complaints and to understand the complaint-handling process. This information will be made readily available on the main ASDB website and its subsites. Additionally, the material will be indexed and searchable. Prior to publishing the

material, we will seek for specific verbiage from the ASDB Director of Policy and Government Relations.