

The November 2021 Gila Institute for Technology performance audit found that the District did not collect all required student outcome data to help assess whether its career and technical education programs were effective in preparing students for high-need occupations and did not follow best practices regarding its unspent fund balance. We made 6 recommendations to the District, and its status in implementing the recommendations is as follows:

### Status of 6 recommendations

Implemented	2
In process	4

We will conduct a 36-month followup with the District on the status of the recommendations that have not yet been implemented.

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### Finding 1: District did not collect all required student outcome data in fiscal year 2019 to help assess whether its CTE programs were effective in preparing students for high-need occupations

1. The District should collect complete and reliable postgraduation employment and industry certification data for all its CTE students.

**Implementation in process**—The District began collecting post-graduation placement data using a placement survey it developed based on the post-graduation information it is required to report to ADE. The District sends the survey directly to students and uses the results for its required ADE reporting. However, our review of the District's fiscal year 2022 data showed the District collected post-graduation placement information for only 55 of 103, or 53 percent, of its concentrators who graduated in fiscal year 2022. Additionally, although the District collected post-graduation placement data for its fiscal year 2022 CTE program graduates, the District has not developed a process to verify the data's reliability. For example, the District's survey requires students to self-report what CTE program(s) they participated in by typing in the program name, and our review of the District's data identified an instance where the student provided the name of the campus they reported having attended, and not the CTE program. Additionally, our review identified other instances where the District's data appeared to be unreliable, such as a Sports Medicine graduate reported as employed in a position using program skills when their survey response indicated they worked at a hair salon. By relying on self-reported information and lacking a process to verify the accuracy of the placement data it collects, the District may not be reporting accurate information to ADE and is unable to demonstrate that its programs are effective in meeting their statutory purpose of preparing students for high-need occupations.

According to District officials, the District also began collecting some industry certification data from central campus instructors and regulatory board websites such as the Arizona State Board of Nursing and the Arizona Barbering and Cosmetology Board, and providing certain certification tests on-site and offering testing fee reimbursements to students who demonstrate they earned a license or certification. However, the District retains records only for students who earned a license or certification, and not for students who attempted to obtain a license or certification and were not successful. As a result, the District does not have complete outcome data for its CTE program graduates and may be unable to use the information it collects to determine which programs are most effective in helping students earn industry licenses or certifications related to their CTE programs and make changes to its programs to ensure it uses public monies most effectively.

2. The District should analyze postgraduation employment and industry certification data, after collecting complete and reliable data, to evaluate the effectiveness of its CTE programs in preparing students for high-need occupations.

**Implementation in process**—Although the District has taken some steps to collect placement and industry certification data, as explained in Recommendation 1, the data is not complete. Additionally, the District does not analyze post-graduation placement data to evaluate the effectiveness of its CTE programs. District officials reported that they now use industry certification data to evaluate program effectiveness during meetings with CTE program instructors to discuss potential improvements to CTE programs and related certification outcomes. For example, District officials indicated that based on discussions of welding certification data with CTE directors, the District changed its welding program to allow students to spend more time practicing welds tested on the certification exam and purchased equipment to inspect student welds to provide better feedback for improvement. District officials indicated that they plan to compare student certification data before and after the program changes were implemented to evaluate the changes' impact on student certification rates.

3. The District should accurately report to ADE postgraduation employment and industry certification data for all its CTE students when ADE requires it to do so.

**Implementation in process**—The District has begun reporting its post-graduation placement and industry certification data to ADE. Our review of the District's fiscal year 2023 certification data found that the District appeared to accurately report its certification data to ADE, as required. However, as discussed in Recommendation 1, although the District reported its post-graduation placement data to ADE, our review of the District's placement data found that it did not always do so accurately. For example, we found that although the District collected placement information for 62 fiscal year 2022 concentrators who graduated high school, it did not report placement information to ADE for 6 of these students.<sup>1,2</sup> Additionally, the District made other errors in reporting placement information to ADE, such as reporting 1 student as placed when their survey response indicated they were not, and reporting 1 as not placed when their survey response indicated they were. We were unable to assess the accuracy of the post-graduation placement data the District collected due to the District lacking a process for validating the data.

## **Finding 2: District accumulated \$2.93 million in unspent fund balance by end of fiscal year 2020 but did not have policy regarding purpose or amount to maintain**

4. The District should follow best practices guidance by developing and implementing a formal policy for the level of fund balance that it will maintain and for what purpose it will maintain the fund balance.

**Implemented at 24 months**—In accordance with best practices developed by the Government Finance Officers Association, the District developed and the Governing Board (Board) adopted a formal fund policy for its general fund that includes the level of fund balance it will maintain as well as the purpose for which retained funds would be used. Specifically, the District's policy indicates that the District may maintain a balance of 20 percent of its annual operating costs to insure against sudden financial or material loss.

5. The District should work with its member districts to plan if and how the District could use its unspent fund balance to help purchase needed equipment for member districts' satellite programs and incorporate this into its formal fund balance policy.

**Implemented at 24 months**—As previously discussed, since the previous 6-month followup, the Board adopted a formal fund balance policy that indicates the District may maintain a fund balance of up to 20 percent of its annual operating costs. The policy further specifies any general fund balance in excess of 20 percent of the District's

<sup>1</sup> The District collected placement information for 64 fiscal year 2022 concentrators who graduated high school. However, 2 of these students were not listed in ADE's CTE Data Portal, and therefore, the District could not report placement information for these 2 students.

<sup>2</sup> Of the 64 students for whom the District collected placement information, 21 students reported being employed after graduation, and 11 of these 21 reported being employed in a job related to their high school CTE program.

annual operating costs should be used to fund its special projects program, which is a program for member districts to apply for additional funding beyond the annual funding they already receive to enhance existing CTE programs. In fiscal years 2022 and 2023, the District provided funding for 8 and 6 special projects, respectively, allocating a total of approximately \$475,000 to these 14 projects from its general fund balance. According to the District's most recent *Annual Financial Report*, the District's general fund balance at the end of fiscal year 2023 was over \$2.5 million, which is almost 6 times the maximum level specified in its fund balance policy of 20 percent of its annual operating costs, or approximately \$432,000 for fiscal year 2023. District officials indicated the District's special projects program would continue funding projects in fiscal year 2024.

6. The District should review its practice of retaining satellite funding each year and implement any needed changes to achieve the fund balance policy the District adopts.

**Implementation in process**—Although the District did not provide documentation to support it reviewed its practice of retaining satellite funding, as discussed in Recommendations 4 and 5, the District developed and the Board adopted a formal fund policy that indicates fund balances in excess of 20 percent of the District's annual operating costs be used for its special projects program. According to District officials, the District regularly collaborates with its member districts through meetings with the superintendents as well as meetings with CTE directors to discuss potential special projects and CTE program needs. Further, District officials reported that the spring meeting with member district CTE directors typically includes discussion about the effectiveness of satellite CTE programs and potential special projects in preparation for the District's budget discussions that typically occur in May or June each year. However, the special projects program does not appear to be helping the District to reduce its fund balance below the amount specified in its fund balance policy because the District ended fiscal year 2023 with a general fund balance of over \$2.5 million, an increase of over \$500,000 from fiscal year 2022. Therefore, the District should take other actions, such as reviewing its practice of retaining satellite funding and implementing needed changes to ensure its general fund balance complies with the maximum level specified in the District's fund balance policy.