

We issued the following 3 separate audit reports on the Arizona School Facilities Board (Board) since 2017:

- September 2017 performance audit and sunset review (Report 17-108).
- June 2019 Special Audit—Building Renewal Grant Fund (Report 19-105).
- September 2021 performance audit and sunset review (Report 21-112).

These 3 audit reports made a total of 78 recommendations to the Board, including that the Board improve its Building Renewal Grant (BRG) project eligibility assessment, award, and oversight practices; better ensure timely BRG project completion, Board member compliance with conflict-of-interest laws, and school district compliance with State procurement requirements; and comply with statutory requirements to inspect school district buildings, ensure the accuracy of school facility square footage information, and publish a list of vacant and partially used school district buildings.

Effective September 29, 2021, Laws 2021, Ch. 404, transferred the Board's statutory responsibilities to the Arizona Department of Administration (Department), resulting in the Board's termination. The law established a Division of School Facilities (Division) within the Department and transferred most of the Board's statutory responsibilities to the Division, including administering and distributing BRG Fund monies to school districts for the purpose of maintaining the adequacy of existing school facilities. The law also established a School Facilities Oversight Board (Oversight Board) within the Department and transferred some of the Board's responsibilities to the Oversight Board, such as maintaining a database of school facilities to allow for the administration of the new school facilities formula and the BRG Fund. With the transfer of the Board's statutory responsibilities to the Department, the Department is responsible for addressing the outstanding audit recommendations.

Based on our previously completed follow-up work on the 3 Board reports, 32 of 78 recommendations have either been implemented, partially implemented, or are no longer applicable.<sup>1</sup> This report provides information on the Department's status in implementing the remaining 46 outstanding recommendations, which is as follows:

### Status of 46 recommendations

Implemented	2
In process	23
No longer applicable	2
<b>Not implemented</b>	<b>19</b>

We will follow up with the Department on the status of the recommendations that have not yet been implemented from all 3 Board reports in November 2024.

Additionally, our September 2023 Sunset Review of the Department (Auditor General Report 23-107) recommended that the Department require the Division to develop and implement a written plan that outlines key steps that it will take to address outstanding recommendations from our 3 prior Board audits, including associated completion deadlines for each step. The Department agreed to implement this recommendation and provided us with a status update on its efforts to implement the outstanding recommendations from all 3 Board reports as of October 31, 2023.

<sup>1</sup> Because the Department is developing new processes to address some of our recommendations, including transitioning to a new information technology (IT) system in May 2023 for processing BRG Fund project applications, we determined during this followup to continue reviewing the status of several recommendations that we listed as partially implemented or no longer applicable in a previous follow-up report (see [Report 17-108, 48-month Follow-up Report](#), Recommendations 1.3a through f and h, 3.3, and 3.4).

# Report 17-108—Performance Audit and Sunset Review of the Arizona School Facilities Board—72-Month Followup

## Finding 1: Board should establish formal project assessment process to ensure only eligible projects receive monies

1.2 The Board should work with its Assistant Attorney General to revise its BRG Fund policy to more clearly specify project eligibility criteria for BRG funding based on statutory requirements. The revised policy should indicate how a school district's use or planned use of a building will affect its eligibility for receiving BRG Fund monies.

### Implemented at 72 months

1.3 The Board should develop and implement policies and procedures establishing an eligibility assessment and award process to help ensure it approves only eligible projects. These policies and procedures should address the following:

a. Identifying the information that needs to be submitted with project applications to allow the Board to assess compliance with all statutory eligibility criteria.

**Implementation in process**—Although the Department has not developed written policies and procedures establishing an eligibility assessment and award process, its procedures included using a web-based grants management system, eCivis SRM, to assess eligibility for and award BRG monies. The Department's eCivis SRM included various checklists to help guide and ensure school districts developed and submitted project applications with all required eligibility information and documentation.

However, in May 2023, the Department transitioned to a new IT system, the Arizona School Facilities Portal, to assess eligibility for and award BRG monies. This new system replaces eCivis SRM. During a Division meeting in July 2023, it provided training to school districts on the new system. Given this change in IT systems for receiving and reviewing BRG applications and ensuring proposed BRG projects comply with all statutory eligibility criteria, we will assess the Department's transition of its BRG project eligibility and award process to the new portal during our November 2024 followup.

b. Including guidance to assist school districts in developing and submitting completed project applications with all required eligibility information and documentation.

**Implementation in process**—See explanation for Recommendation 1.3a.

c. Requiring board staff to ensure that all the necessary eligibility information and documentation has been submitted. The Board should consider developing a tool, such as a checklist, to facilitate this review.

**Implementation in process**—See explanation for Recommendation 1.3a.

d. Including guidance for reviewing and assessing compliance with eligibility criteria, such as the requirement for school districts to perform routine preventative maintenance and that proposed projects will address noncompliance with the minimum adequacy guidelines established by the Board.

**Implementation in process**—See explanation for Recommendation 1.3a.

e. Ensuring that all eligibility criteria is assessed and applied appropriately and consistently. The Board should consider developing tools, such as decision matrices or checklists, to help guide assessments.

**Implementation in process**—See explanation for Recommendation 1.3a.

f. Documenting eligibility assessments consistently and with sufficient detail to ensure transparency and allow for supervisory review.

**Implementation in process**—See explanation for Recommendation 1.3a.

- h. Conducting and documenting supervisory reviews of project eligibility assessments and recommendations before providing recommendations to the Board.

**Implementation in process**—The Department implemented supervisory reviews as part of its web-based grants management system, eCivis SRM, process for assessing BRG grant eligibility. However, as previously discussed (see explanation for recommendation 1.3a), in May 2023, the Department transitioned to a new IT system, the Arizona School Facilities Portal, to assess eligibility for and award BRG monies. As a result, we will assess the Department’s continued use of supervisory reviews as part of its BRG project eligibility and award process during our November 2024 followup.

- 1.5 Once the Board has developed the recommended policies and procedures, it should train board staff to help ensure they are consistently followed.

**Implementation in process**—As explained in Recommendation 1.3a above, the Department implemented a project eligibility and award process using a web-based grants management system, eCivis SRM. Based on our review of Department documentation, the Department provided training to applicable Department staff on this process in January 2023. However, as previously discussed, in May 2023, the Department replaced eCivis SRM with a new system, the Arizona School Facilities Portal. As a result, we will assess whether the Department has trained applicable staff on the new system and accompanying procedures during our November 2024 followup.

- 1.6 The Board should work with its Assistant Attorney General to ensure that its policies and procedures are consistent with the Board’s statutes.

**Implementation in process**—Although the Department did not develop written policies and procedures establishing an eligibility assessment and award process, it implemented a web-based grants management system, eCivis SRM, with various procedures and checklists to assess eligibility for and award BRG monies. However, as previously discussed (see explanation for recommendation 1.3a), in May 2023, the Department transitioned to a new IT system, the Arizona School Facilities Portal, to assess eligibility for and award BRG monies. As a result, we will assess the Department’s policies and procedures for its Arizona School Facilities Portal during our November 2024 followup.

## Finding 2: Board should develop processes to help ensure approved projects are completed successfully

- 2.1 The Board should develop and implement written policies and procedures for assessing school districts’ capabilities to ensure the completion of projects. These policies and procedures should:

- a. Specify the information that school districts must submit to allow board staff to assess school districts’ capabilities to effectively plan, manage, and oversee projects.

**Not implemented**—In its written response for this followup, the Department did not indicate that it developed and implemented written policies and procedures for recommendations 2.1a through 2.2c. However, as previously mentioned, in its response to our September 2023 Sunset Review report, the Department indicated it would develop a plan to implement these 6 recommendations and provided us with a status update on its efforts to do so as of October 31, 2023. We will assess the Department’s implementation of these 6 recommendations during our November 2024 followup.

- b. Include guidance directing board staff on how to assess school districts’ capabilities to manage and oversee projects. This guidance should require board staff to consider factors such as the type of professional and technical management skills needed to accomplish the project, whether the school district already employs qualified personnel with these skills or needs to contract for professional and technical assistance, and the school district’s ability to carry out the responsibilities of managing the project.

**Not implemented**—See Recommendation 2.1a.

- c. Specify the guidance that the Board will provide to school districts, such as through its application forms, to help ensure that all school districts submit required personnel resource and scope of work information to the Board.

**Not implemented**—See Recommendation 2.1a.

**2.2** The Board should develop and implement written policies and procedures for overseeing school district compliance with project award terms and conditions agreements. The policies and procedures should:

- a. Establish the oversight activities board staff should perform to ensure school district compliance with the project award terms and conditions including conducting site visits, periodically reviewing status reports, and reviewing change orders.

**Not implemented**—See Recommendation 2.1a.

- b. Include guidance directing board staff on how to carry out the oversight activities established by the Board, such as specifying the frequency of oversight activities, under what conditions they should be performed, and how to document the performance of those activities.

**Not implemented**—See Recommendation 2.1a.

- c. Establish a supervisory review process, including using a checklist, to ensure that board staff are consistently and appropriately overseeing school district compliance with the project award terms and conditions.

**Not implemented**—See Recommendation 2.1a.

### **Finding 3: Board should improve its information technology database management**

**3.3** The Board should develop and implement a disaster recovery and contingency plan. The plan should address how the Board will recover its database and maintain essential mission and business functions if a disruption or failure occurred. Additionally, the plan should require board data to be backed up periodically using a board-defined cycle that is based on the criticality of its business processes. Further, the Board should periodically test and update its disaster recovery and contingency plan as needed and should validate the integrity of the backup data.

**Implementation in process**—As previously discussed (see page 1), Laws 2021, Ch. 404, transferred the Board's statutory responsibilities to the Division and Oversight Board within the Department, resulting in the Board's termination. The Department is now responsible for developing, implementing, and maintaining IT policies and procedures for IT systems used by the Division and Oversight Board. This includes developing and implementing a disaster recovery and contingency plan and a formal SDLC methodology (see Recommendation 3.4). As of August 2023, the Department has developed a disaster recovery and contingency plan for all Department IT systems that includes the elements specified in the recommendation and was in the process of developing a formal SDLC methodology. We will assess the Department's implementation of its disaster recovery and contingency plan as well as further development and implementation of a formal SDLC methodology during our November 2024 followup.

**3.4** To help ensure all future IT systems are developed and maintained in line with IT standards and best practices, the Board should develop and implement a formal SDLC methodology. This methodology should outline the phases involved in an information system development project from the initiation phase through the system's sunset.

**Implementation in process**—See explanation for Recommendation 3.3.

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

1. Continue to take steps to determine how it will meet its statutory requirements to conduct school building inspections, develop and implement policies and procedures for conducting and documenting inspections of school districts, and train staff accordingly.

**Implementation in process**—As discussed in the initial follow-up report to our September 2021 sunset review of the Board, the Department had developed a district self-inspection process and had begun working with some districts on their self-inspections (see Arizona Auditor General Report 21-112 initial followup, Recommendations 1 through 3, for more information). However, pursuant to a June 2023 executive order (see Executive Order 2023-14), the Governor has directed the Division to conduct in-person inspections or contract with qualified outside professionals to conduct in-person inspections of all public school buildings in the State at least once every 5 years as required by A.R.S. §41-5702(A)(3). Additionally, this executive order requires the Division to annually report to the Governor on the number and percentage of school buildings inspected during the preceding calendar year and the Department reported that it will begin including this information in its fiscal year 2024 annual report, which is due by December 15 of each year. According to the Department's October 31, 2023, status update, it has developed a plan for conducting school building inspections and plans to complete all assessments by the end of fiscal year 2028. Therefore, we will assess the Department's implementation of this recommendation, consistent with the Governor's executive order and statutory requirements, during our November 2024 followup.

# Report 19-105—Arizona School Facilities Board Special Audit of the Building Renewal Grant Fund—54-Month Followup

## Finding 1: Districts' BRG project delays and Board's lack of monitoring contribute to potential health and safety risks, increased State costs, and BRG Fund monies sitting idle for years

2. The Board should establish processes consistent with State policy and supported by written policies and procedures, where appropriate, to:

a. Obtain and track each BRG project's project-completion time frames.

**Implementation in process**—The Department reported that it is developing written policies and procedures for tracking project-completion time frames, tracking each project's phase status and each phase's start and end dates, requiring districts to provide regular project status updates for open projects, and developing and implementing management reports and other tools to systematically and regularly monitor each open BRG project's status and progress. Additionally, in May 2023, the Department transitioned to a new IT system, the Arizona School Facilities Portal, which it reported will assist it in obtaining and tracking each BRG project's completion time frames. This new system replaces eCivis SRM, which the Department previously used to assess eligibility for and award BRG monies. Given these reported changes in the Department's processes for monitoring and tracking projects to ensure districts are meeting project time frames, we will assess the Department's implementation of Recommendations 2a through 2d during our November 2024 followup.

b. Track each BRG project's phase status and each phase's start and end dates.

**Implementation in process**—See explanation for Recommendation 2a.

c. Require districts to provide regular project status updates for open BRG projects.

**Implementation in process**—See explanation for Recommendation 2a.

d. Develop and implement management reports and other tools to systematically and regularly monitor each open BRG project's status and progress.

**Implementation in process**—See explanation for Recommendation 2a.

3. The Board should establish processes for using the data from its monitoring activities, supported by written policies and procedures, where appropriate, to:

a. Work with districts to address any obstacles that prevent them from making progress and mitigate any health and safety impacts related to the continued existence of an uncorrected deficiency.

**Not implemented**—Although the Department has not developed written policies and procedures related to its processes for using the data from its monitoring activities, as explained in Recommendation 2a, the Department transitioned to the Arizona School Facilities Portal in May 2023, which it reported will provide a more robust and efficient way to track and filter building renewal grant data. Additionally, in its October 31, 2023, status update, the Department further reported that the Governor's Minimum Adequacy Guidelines (MAG) Modernization Committee will be reviewing MAG guidelines and making recommendations to update these guidelines to better account for health and safety issues, and that it has developed additional processes, including review processes, for using building renewal grant data to hold districts accountable for meeting their BRG project responsibilities, assist in planning and requesting funding for future BRG projects, and planning its staff's workload. We will further assess the Department's implementation of Recommendations 3a through 3d during our November 2024 followup.

- b. Hold districts accountable for meeting their BRG project responsibilities.  
**Not implemented**—See explanation for Recommendation 3a.
- c. Proactively plan and request funding for future BRG projects. Before requesting a supplemental or increased appropriation, the Board should first review its management reports and make a written determination of how much committed money can be recommitted to other projects.  
**Not implemented**—See explanation for Recommendation 3a.
- d. Plan Board staff’s workload based on the status of its existing BRG projects.  
**Not implemented**—See explanation for Recommendation 3a.

**Finding 2: Board should improve its use of IT systems to better ensure timely payments to districts and BRG project closures so unspent monies can be recommitted to other BRG projects**

- 5. The Board should modify its PayAppinator system to track and monitor the timeliness of open payment requests and rejected payment requests.  
**Not implemented**—The Department no longer uses the PayAppinator system. Instead, as explained in Recommendation 2a from Report 19-105 (see page 6), in May 2023, the Department transitioned to the Arizona School Facilities Portal to monitor school districts’ BRG projects and, in its October 31, 2023, status update, further reported that it has developed processes within its Portal to track and monitor BRG project financial activities, including processing payment requests to districts and addressing problems that may lead to untimely district payments and project closeout. However, the Department did not indicate that it has developed policies and procedures to guide these processes. We will assess the Department’s implementation of this recommendation and Recommendations 7a through 7c during our November 2024 followup.
- 7. The Board should develop and implement processes, supported by written policies and procedures where appropriate, to:
  - a. Address any problems that are potentially leading to payment requests not being paid within 30 days.  
**Not implemented**—See explanation for Recommendation 5.
  - b. Regularly follow up with districts and provide assistance as needed to help ensure they resubmit rejected payment requests in a timely manner.  
**Not implemented**—See explanation for Recommendation 5. Additionally, in its October 31, 2023, status update, the Department reported that it provides monthly trainings with question and answer opportunities and training videos, and that its liaisons are available to provide technical assistance and feedback to school districts.
  - c. Address any problems that are potentially leading to untimely project closeout.  
**Not implemented**—See explanation for Recommendation 5.

**Finding 3: Board members failed to disclose interests, and 1 Board member failed to refrain from participating in decisions related to those interests**

- 11. The Board should develop and implement a process to ensure new Board members complete and file a conflict-of-interest form before they begin serving on the Board.  
**Implementation in process**—We reviewed and reported on the Department’s conflict-of-interest practices in our 2023 Sunset Review (Report 23-107) and found that although it complied with most State conflict-of-interest

requirements and some recommended practices, it should enhance its conflict-of-interest processes by adopting additional recommended practices. We made several recommendations to the Department for enhancing its conflict-of-interest processes and will follow up on its efforts to implement these recommendations during our initial followup of that report. The Department also reported that it has undertaken a conflict-of-interest process evaluation and improvement project, and the resulting policies and procedures will apply to all Department boards and committees, including the Oversight Board. Finally, we initiated the Oversight Board's sunset review in October 2023 and will review its compliance with conflict-of-interest requirements and the Department's conflict-of-interest policies and procedures.

#### **Finding 4: Board staff and vendor actions and Board procurement policy and guidance for districts could confuse districts, leading to decreased competition, potentially unfavorable pricing, and compliance issues**

13. The Board should develop a written policy, procedure, or other employment document that prohibits Board staff from requiring or recommending that districts use specific vendors for projects that receive Board monies.

**Implementation in process**—The Department's policies, most recently updated on November 1, 2023, state that Division staff and consultants are prohibited from requiring or recommending that districts use specific vendors for projects that receive BRG monies. We will further assess the Department's implementation of this recommendation during our November 2024 followup.

14. The Board should revise its policies for districts to explicitly state that districts are solely responsible for procuring, selecting, and contracting with vendors, and that Board staff are not authorized to select vendors or otherwise require or suggest that districts use specific vendors.

**Implementation in process**—Although the Department has developed a written policy that prohibits Division staff from requiring or recommending that districts use specific vendors for projects that receive BRG monies, it had not revised its policies to state that districts are solely responsible for procuring, selecting, and contracting with vendors. The Department reported that it is reviewing and plans to further revise the policy by the end of fiscal year 2024, including specifying that districts are solely responsible for procuring, selecting, and contracting with vendors. We will further assess the Department's development and implementation of its policies during our November 2024 followup.

15. The Board should reassess and revise its procurement policy to ensure it does not mislead districts and is consistent with the School District Procurement Rules and the USFR and explicitly states that districts must comply with all requirements in the School District Procurement Rules and the USFR, such as the USFR's requirement for considering cumulative purchases when determining the appropriate procurement method in addition to following the Board's procurement policy.

**Implemented at 54 months**—The Department's terms and conditions for BRG projects specify that districts must comply with the School District Procurement Rules and USFR purchasing guidelines.

# Report 21-112—Performance Audit and Sunset Review of the Arizona School Facilities Board—24-Month Followup

## 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

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.

**Implementation in process**—In June 2023, the Governor signed Executive Order 2023-14, requiring the Division to inspect or contract with qualified personnel to conduct in-person inspections of all public district school buildings in the State not less than once every 5 years as required by A.R.S. §41-5702. These inspections are intended to ensure school buildings comply with the Minimum Adequacy Guidelines (MAG), which are contained in the Department's rules and outline the minimum standards for classroom conditions, such as temperature, lighting, and air quality, and standards for various other school facilities, including cafeterias, science facilities, and physical education facilities. Accordingly, the Division developed a policy requiring it to inspect or contract with qualified outside personnel to inspect all public school buildings in the State not less than once every 5 years. In its October 31, 2023, status update, the Department reported that the Division plans to complete the MAG assessments for all school district facilities by the end of fiscal year 2028. In January 2023, the Division also hired a full-time assessor to assist with conducting MAG assessments. We will assess the Department's continued implementation of this recommendation during our November 2024 followup.

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.

**Implementation in process**—The Division has developed some policies and procedures, as well as other guidance for staff and contractors to follow when conducting school building inspections. However, in its October 31, 2023, status update, the Division reported that it is in the process of updating these policies and procedures, which it plans to complete and begin implementing by the end of fiscal year 2024. We will assess the Department's further development and implementation of its policies and procedures during our November 2024 followup.

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.

**No longer applicable**—According to its October 31, 2023, status update and consistent with the Governor's Executive Order 2023-14 (see explanation for Recommendation 1), the Division reported that it has discontinued the district self-inspection program.

4. The Board should, once implemented, 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.

**No longer applicable**—See explanation for Recommendation 3.

## 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 space to accommodate student enrollment

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

**Not implemented**—Although the Division updated its policies and procedures for reviewing district requests for NSF Fund monies in May 2023, these policies and procedures do not include a requirement for reviewing and auditing school district building square footage and usage information in its database. We will assess the Department’s implementation of this recommendation during our November 2024 followup.
  - b. 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.

**Not implemented**—The Division has not developed policies and procedures for reviewing and verifying school building square footage and usage information in its database when its staff or contractors conduct statutorily required school building inspections. We will assess the Department’s implementation of this recommendation during our November 2024 followup.

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

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.

**Not implemented**—The Department has developed procedures for generating and publishing a report that includes needed information and requirements for complying with the statutory requirement for publishing the vacant space report, such as when the report should be published and the staff responsible for doing so. However, although the Department indicated it would prepare an annual vacant space report by the end of calendar year 2023, it did not provide us with this report, nor has it published a more recent report on its website. Instead, as of January 2, 2024, the Department’s website still includes the vacant space report it published in September 2022. We will assess the Department’s implementation of this recommendation during our November 2024 followup.
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.

**Not implemented**—The Department has not worked with stakeholders and the Legislature to identify or pursue statutory changes and previously reported that it does not plan to do so. However, as reported in our initial followup, the Department provided trainings to some school districts to help improve school district compliance with the requirement to submit vacant space information and reported that it continues to provide trainings and technical assistance to school districts regarding this requirement and the steps for submitting the information.
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.

**Not implemented**—The Oversight Board within the Department is now responsible for evaluating and revising districts’ enrollment projections as part of the process for reviewing and approving and/or revising NSF Fund

project awards. However, the Oversight Board has not revised its process for evaluating and revising school districts' enrollment projections to require its model to include multiple assumptions about the long-term effects of extraordinary circumstances on student enrollment to provide a range of enrollment projections for future years. We initiated the Oversight Board's sunset review in October 2023 and will review its process for evaluating and revising districts' enrollment projections during the Oversight Board's sunset review, which is due on or before October 1, 2024.

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.

**Implementation in process**—As reported in our initial followup, the Oversight Board reviewed revised enrollment projections for 3 of 5 districts approved for NSF Fund monies in fiscal year 2021 and did not change its previously approved funding amounts for these 3 districts based on its review of the enrollment projections. For the remaining 2 districts, the Board canceled the previously approved project for 1 district after reviewing this district's revised enrollment projections and approved an amended project, while the other district has yet to complete the design phase of its NSF project. We will assess the Department's continued implementation of this recommendation during our November 2024 followup.

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

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.

**Implementation in process**—See explanation for Recommendation 11 from Report 19-105 on pages 7 and 8.