



A REPORT
TO THE
ARIZONA LEGISLATURE

Joint Legislative Audit Committee

October 3, 2013—9:00 a.m.
Senate Hearing Room 109



Debra K. Davenport
Auditor General

ARIZONA STATE SENATE

INTERIM MEETING NOTICE

OPEN TO THE PUBLIC

JOINT LEGISLATIVE AUDIT COMMITTEE

Date: October 3, 2013
Time: 9:00 a.m.
Place: Senate Hearing Room #109

AGENDA

- Call to order–opening remarks
- Approval of minutes of January 31, 2013, meeting
- 1. Assignment of sunrise reports to Committees of Reference
- 2. Assignment of Department of Fire, Building and Life Safety sunset review
- 3. Assignment of Committees of Reference for Public Hearing of Auditor General’s follow-up reports relating to the Arizona Department of Veterans’ Services
- 4. Consideration and approval of 2014-2015 performance audit and sunset review schedule
- 5. Consideration and approval of Committees of Reference assignments
- 6. Presentation of DES Children’s Support Services audit schedule for 2013-2014
- 7. Presentation of financial audit schedule and consideration of cost reimbursement audits for fiscal year 2014
- 8. Presentation and status update of school-wide audit team schedule for 2014-2015
- 9. Public testimony
- 10. Adjourn

Members:

Senator Chester Crandell, Chair
Senator Judy Burges
Senator David Farnsworth
Senator Steve Gallardo
Senator Katie Hobbs
Senator Andy Biggs, Ex Officio

Representative John Allen, Vice Chair
Representative Paul Boyer
Representative Andrea Dalessandro
Representative Martin Quezada
Representative Kelly Townsend
Representative Andy Tobin, Ex Officio

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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

DATE: October 3, 2013

TO: Senator Chester Crandell, Chair
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Kim Hildebrand, Manager, Performance Audit Division

SUBJECT: Assignment of Sunrise Reports to Committees of Reference

Background

Laws 1985, Ch. 352, established the sunrise review process. This law provides a mechanism for health professions to request that the State regulate a currently unregulated profession or to request a regulated profession's expansion of the scope of practice.

To initiate the process, an applicant group must submit a written report to JLAC by September 1, responding to the statutorily prescribed sunrise factors in A.R.S. §§32-3105 or 32-3106. JLAC then assigns the report to a Committee of Reference (COR) for review. The COR is required to study the sunrise report and deliver its recommendations to JLAC, the Governor, the President of the Senate, the Speaker of the House of Representatives, and the applicant group by December 1 of the same year the sunrise request is submitted to JLAC.

Action required

Four sunrise reports have been received. Per A.R.S. §32-3104, JLAC needs to assign each of these to a COR:

1. Arizona Association of Chiropractic—Expands the scope of chiropractic physicians' professional practice to allow for prescribing a limited number of specific prescription medications.
2. Arizona Optometric Association—Requests an increase in the prescribing authority for the profession, but not to include controlled substances.
3. Arizona Association of Midwives—Requests statutory authority for licensed midwives to obtain, possess, and administer certain medications.

4. Arizona Non-Medical Home Care Association—Proposes regulating the in-home care industry.

The Speaker of the House recommended that these be assigned to the Health COR, and the President of the Senate recommended that these be assigned to the Health and Human Services COR.



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DATE: October 3, 2013

TO: Senator Chester Crandell, Chair
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Kim Hildebrand, Manager, Performance Audit Division

SUBJECT: Assignment of Department of Fire, Building and Life Safety sunset review

Background

JLAC determines which agencies are subject to sunset review by the Auditor General and which agencies are subject to sunset review by the Committees of Reference (COR). JLAC previously approved the audit schedule for 2013 and assigned the audits on that schedule to either the Auditor General's Office or to a COR.¹

Addition to 2013 sunset review cycle

A.R.S. §41-2953(B) requires JLAC to assign the Department of Fire, Building and Life Safety sunset review to either the Auditor General or the COR. Although our Office issued a sunset audit of the Department of Fire, Building and Life Safety in 2011, the Legislature gave this agency a 2-year extension during the 2012 legislative session, thereby adding this agency to the 2013 sunset cycle. The apparent reason for the short extension was due to concerns raised in the 2011 sunset audit—specifically regarding long-standing problems in conducting fire safety inspections. Our 6-month followup, issued in May 2012, revealed the Department was making progress in implementing the audit recommendations. For example, the State Fire Marshal's Office has implemented procedures to track and manage inspection information for school, county, and state facilities.

¹ JLAC approved the 2013 audit schedule at their October 26, 2010, meeting.

The Office proposes this agency be assigned to a COR for review for the following reasons:

- a. The Office conducted a performance audit and sunset review of this agency within the past 2 years.
- b. The Office issued a 6-month followup in May 2012.
- c. The Office is currently conducting a 24-month followup.

Although JLAC previously assigned this agency to a COR at their January 31, 2013, meeting, it has yet to determine who will conduct the review of the agency.

Action required

Per statute, JLAC is required to determine whether this agency will be reviewed by the Office or by the COR.



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DATE: October 3, 2013

TO: Senator Chester Crandell, Chair
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Kim Hildebrand, Manager, Performance Audit Division

SUBJECT: Committees of Reference Assignment for Arizona Department of
Veterans' Services follow-up reports

Background

Laws 2012, Ch. 13, §3(B), requires the Committee of Reference (COR) to hold a public hearing to review the Auditor General's follow-up reports relating to the Arizona Department of Veteran's Services (Department) implementation of the Auditor General's sunset review recommendations. Thus, JLAC needs to assign a COR to hold this public hearing. Agencies are generally assigned to the CORs whose standing committees would most likely be responsible for hearing any legislation affecting that particular agency and that has knowledge or expertise in that particular subject area.

The President of the Senate recommended that this hearing on the status of the Department's implementation of the sunset review recommendations be assigned to the Commerce, Energy, and Military Affairs COR and the Speaker of the House recommended that this hearing be assigned to the Public Safety, Military and Regulatory Affairs COR.

Action required

JLAC may either approve the COR as recommended by the President of the Senate and the Speaker of the House or assign a new COR.



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DATE: October 3, 2013

TO: Senator Chester Crandell, Chair
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Dale Chapman, Director, Performance Audit Division

SUBJECT: 2014-2015 Performance Audit Cycle—Consider Approval of Proposed Schedule

Background

Laws 1978, Ch. 210, established the sunset review process that requires most state agencies to receive a systematic evaluation at least once every 10 years to determine whether they should be continued or terminated. A.R.S. §41-2953.B directs the Auditor General to provide JLAC a list of agencies scheduled for termination in the next sunset schedule. The Office of the Auditor General (Office) does not have sufficient resources to conduct all sunset reviews; therefore, JLAC determines which agencies the Office will review and which the Committees of Reference (COR) will review.

Before giving JLAC a proposed audit schedule, the Office obtains background information on the agencies, as well as information from legislators and other interested parties, to identify and recommend those agencies for which the Office should perform the sunset review. Since the Office does not have the resources to perform the sunset reviews of every agency on the cycle, the Office uses the information obtained from legislators and others to prioritize those agencies for which our Office should perform the sunset reviews and recommends that the CORs perform the sunset reviews of the remaining agencies. However, JLAC ultimately determines whether the Auditor General's Office or CORs will perform the sunset reviews.¹

¹ The essential difference between a sunset review the Office performs and a review the CORs conduct is the depth and scope of the work performed. When our Office performs the sunset review of an agency, it conducts a performance audit of the agency to identify ways the agency can operate more efficiently and effectively.

The proposed audit schedule for 2014-2015 is attached. This schedule lists the agencies we propose the Auditor General's Office audit as well as those we recommend for the COR. The schedule also identifies two audits that the Auditor General's Office is mandated by statute to conduct.

Action required

Per statute, JLAC is required to review the sunset termination schedule the Office prepared and determine which agencies the Office will review and which agencies the CORs will review.

2014-2015 PROPOSED AUDIT SCHEDULE

Statutorily Mandated Audits

1. Arizona Sports and Tourism Authority (A.R.S.§5-812)
2. Gila County Transportation Excise Tax (A.R.S.§41-1279.03)

Recommend Auditor General Conduct–Sunset Audits

1. Department of Administration
2. Department of Revenue
3. Department of Transportation
4. Arizona State Retirement System
5. Elected Officials Retirement Plan; Public Safety Personnel Retirement System; Corrections Officer Retirement Plan
6. Arizona Commerce Authority
7. Vehicle Emissions Inspection Program
8. Radiation Regulatory Agency and Hearing Board
9. Medical Radiologic Technology Board of Examiners
10. Foster Care Review Board
11. Board of Executive Clemency
12. Office of Administrative Hearings
13. Board of Dental Examiners
14. Naturopathic Physicians Medical Board
15. Followups at 6 and 18 months

Recommend Committee of Reference Conduct–Sunset Audits

1. Industrial Commission
2. Arizona Department of Homeland Security
3. Arizona Power Authority
4. Department of Liquor Licenses and Control
5. Department of Racing and Racing Commission
6. Office of Tourism
7. Department of Emergency and Military Affairs; State Emergency Council
8. Pioneer's Home; Disabled Miners Hospital
9. Prescott Historical Society
10. State Personnel Board
11. Private Postsecondary Education Board
12. Board of Technical Registration
13. Board of Tax Appeals
14. Board of Accountancy
15. Arizona State Boxing and Mixed Martial Arts Commission
16. Law Enforcement Merit System Council
17. Commission of Indian Affairs
18. Boiler Advisory Board
19. Constitutional Commemoration Committee
20. Election Officer Education, Training and Certification Advisory Committee
21. Employment Advisory Council
22. Arizona Health Facilities Authority and Governing Board
23. Municipal Tax Code Commission
24. Occupational Safety and Health Advisory Committee
25. Occupational Safety and Health Review Board
26. Oil and Gas Conservation Commission
27. Solar Energy Advisory Council
28. State Commission on Civic Education and Civic Engagement
29. Arizona E-learning Task Force



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DATE: October 3, 2013

TO: Senator Chester Crandell, Chair
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Kim Hildebrand, Manager, Performance Audit Division

SUBJECT: Committees of Reference Assignments

Background

JLAC is statutorily required to assign agencies subject to a sunset review to Committees of Reference (CORs), regardless of whether the Auditor General's Office or the CORs will conduct the sunset review. JLAC is also responsible for assigning all other performance audits to the CORs or other pertinent committees to ensure that each audit receives a public hearing by a legislative committee. Agencies are generally assigned to the CORs whose standing committees would most likely be responsible for hearing any legislation affecting that particular agency and that has knowledge or expertise in that particular subject area.

Attached are the President's and Speaker's recommendations for the 2014 and 2015 sunset reviews and performance audits. The CORs are responsible for holding at least one public hearing to discuss the audit and receive testimony from agency officials and the public. These hearings should be held by December 1 of the year the sunset review is due.

Attachment A details the 2014 COR recommendations. **Attachment B** details the 2015 COR recommendations.

Action required

JLAC may either approve the CORs as recommended by the President of the Senate and the Speaker of the House or assign new CORs.

Attachment A

**2014 PERFORMANCE AUDITS¹
PRESIDENT AND SPEAKER RECOMMENDATIONS
FOR COMMITTEE OF REFERENCE (COR) ASSIGNMENTS**

Statutory Reference	Agency and Programs Selected for Review	COR Recommendations
A.R.S. §41-3015.01	Solar Energy Advisory Council	Senate: CEM House: EENR
A.R.S. §41-3015.02	Arizona State Board of Accountancy	Senate: CEM House: COM
A.R.S. §41-3015.03	State Board of Dental Examiners	Senate: HHS House: HEALTH
A.R.S. §41-3015.04	Naturopathic Physicians Board of Medical Examiners	Senate: HHS House: HEALTH
A.R.S. §41-3015.05	State Board of Tax Appeals	Senate: FIN House: W&M
A.R.S. §41-3015.06	Municipal Tax Code Commission	Senate: FIN House: W&M
A.R.S. §41-3015.07	Office of Administrative Hearings	Senate: GE House: GOV
A.R.S. §41-3015.08	Board of Executive Clemency	Senate: JUD House: JUD

¹ This listing is for those audits that are conducted under authority of the sunset law, specific legislation, or JLAC direction and are due in 2014. JLAC procedures require all audits to have a hearing. JLAC approves which CORs (or successor committees) will receive the assignment in order to conduct the hearing or may assign audits to JLAC for a hearing.

Attachment A

Statutory Reverence	Agency and Programs Selected For Review	COR Recommendations
A.R.S. §41-3015.09	Department of Emergency and Military Affairs; State Emergency Council	Senate: CEM House: PSMRA
A.R.S. §41-3015.10	Constitutional Commemoration Committee	Senate: JUD House: GOV
A.R.S. §41-3015.11	Law Enforcement Merit System Council	Senate: PS House: PSMRA
A.R.S. §41-3015.12	Department of Liquor Licenses and Control	Senate: CEM House: COM
A.R.S. §41-1279.03	School District Audits	Senate: ED House: ED
A.R.S. §41-1279.03	Gila County Transportation Excise Tax	Senate: FIN House: W&M
Laws 2013, 1 st S.S., Ch. 10, §33	Department of Economic Security–Children’s Support Services	Senate: HHS House: HS
Laws 2013, Ch. 100	Information Technology Services	Senate: GE House: TI

Attachment B

2015 PERFORMANCE AUDITS¹ PRESIDENT AND SPEAKER RECOMMENDATIONS FOR COMMITTEE OF REFERENCE (COR) ASSIGNMENTS

Statutory Reference	Agency and Programs Selected for Review	COR Recommendations
A.R.S. §41-3016.01	Industrial Commission of Arizona	Senate: CEM House: COM
A.R.S. §41-3016.02	Occupational Safety and Health Advisory Committee	Senate: CEM House: COM
A.R.S. §41-3016.03	Boiler Advisory Board	Senate: CEM House: EENR
A.R.S. §41-3016.04	Employment Advisory Council	Senate: CEM House: COM
A.R.S. §41-3016.05	Occupational Safety and Health Review Board	Senate: CEM House: COM
A.R.S. §41-3016.06	Department of Administration	Senate: GE House: GOV
A.R.S. §41-3016.07	Arizona State Board for Private Postsecondary Education	Senate: ED House: ED
A.R.S. §41-3016.08	State Foster Care Review Board	Senate: HHS House: HS

¹ This listing is for those audits that are conducted under authority of the sunset law, specific legislation, or JLAC direction and are due in 2015. JLAC procedures require all audits to have a hearing. JLAC approves which CORs (or successor committees) will receive the assignment in order to conduct the hearing or may assign audits to JLAC for a hearing.

Attachment B

Statutory Reverence	Agency and Programs Selected For Review	COR Recommendations
A.R.S. §41-3016.09	Arizona State Personnel Board	Senate: GE House: GOV
A.R.S. §41-3016.10	Prescott Historical Society of Arizona	Senate: GE House: GOV
A.R.S. §41-3016.11	Board of Technical Registration	Senate: CEM House: COM
A.R.S. §41-3016.12	Arizona Power Authority	Senate: CEM House: EENR
A.R.S. §41-3016.13	Radiation Regulatory Agency and Radiation Regulatory Hearing Board	Senate: HHS House: HEALTH
A.R.S. §41-3016.14	Oil and Gas Conservation Commission	Senate: CEM House: EENR
A.R.S. §41-3016.15	Medical Radiologic Technology Board of Examiners	Senate: HHS House: HEALTH
A.R.S. §41-3016.16	Arizona Health Facilities Authority	Senate: HHS House: HEALTH
A.R.S. §41-3016.17	Repealed by Laws 2011, Ch. 27, §12	Senate: N/A House: N/A
A.R.S. §41-3016.18	Elected Officials' Retirement Plan; Public Safety Personnel Retirement System; Corrections Officer Retirement Plan	Senate: FIN House: I&R

Attachment B

Statutory Reverence	Agency and Programs Selected For Review	COR Recommendations
A.R.S. §41-3016.19	Arizona State Retirement System	Senate: FIN House: I&R
A.R.S. §41-3016.20	Election Officer Education, Training and Certification Advisory Committee	Senate: JUD House: JUD
A.R.S. §41-3016.21	Repealed by Laws 2011, Ch. 27, §42	Senate: N/A House: N/A
A.R.S. §41-3016.22	Arizona Department of Homeland Security	Senate: CEM House: PSMRA
A.R.S. §41-3016.23	Arizona E-learning Task Force	Senate: ED House: ED
A.R.S. §41-3016.24	State Commission on Civic Education and Civic Engagement	Senate: ED House: ED
A.R.S. §41-3016.25	Department of Revenue	Senate: FIN House: W&M
A.R.S. §41-3016.26	Arizona Racing Commission and Arizona Department of Racing	Senate: NRRA House: A&W
A.R.S. §41-3016.27	Department of Transportation	Senate: TRANS House: TRANS
A.R.S. §41-3016.28	Arizona Pioneers' Home; Disabled Miners Hospital	Senate: GE House: GOV

Attachment B

Statutory Reverence	Agency and Programs Selected For Review	COR Recommendations
A.R.S. §41-3016.29	Arizona Commerce Authority	Senate: CEM House: COM
A.R.S. §41-3016.30	Repealed by Laws 2012, Ch. 302, §12	Senate: N/A House: N/A
A.R.S. §41-3016.31	Arizona Commission of Indian Affairs	Senate: GE House: A&W
A.R.S. §41-3016.32	Arizona State Boxing and Mixed Martial Arts Commission	Senate: CEM House: COM
A.R.S. §41-3016.33	Office of Tourism	Senate: CEM House: COM
A.R.S. §41-3017.01	Vehicle Emissions Inspection Program	Senate: NRRA House: TRANS
A.R.S. §41-1279.03	School District Audits	Senate: ED House: ED
Laws 2013, 1 st S.S., Ch. 10, §33	Department of Economic Security–Children’s Support Services	Senate: HHS House: HS
A.R.S. §5-812	Arizona Sports and Tourism Authority	Senate: CEM House: COM



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DATE: October 3, 2013

TO: Senator Chester Crandell, Chair
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Dale Chapman, Director, Performance Audit Division

SUBJECT: 2013-2014 DES Children's Support Services Audit Schedule

Background and audit schedule

Laws 2013, 1st S.S., Ch.10, §33, requires the Auditor General to issue three reports on the expenditure of monies for children's support services in the Department of Economic Security (Department). The reports shall address:

1. Expenditures for the recruitment, retention, training, licensing, and tracking of foster care families as part of children's support services and whether the Department's current contract process of home recruitment study and supervision is the most appropriate means to provide these services. In addition, the report shall address the best performance measures to evaluate the effectiveness of these services. This report is due October 15, 2013.
2. Expenditures for transportation as part of children's support services, the types of funded services provided, and cost details for these services. In addition, the report shall address the best performance measures to evaluate the effectiveness of these services. This report is due March 15, 2014.
3. Expenditures in the emergency and residential placement special line item and the reasons for the high usage of emergency and residential placements as opposed to foster homes. In addition, the report shall address possible methods to reduce the use of emergency and residential placements in the future. This report is due October 15, 2014.

Action required

None. This schedule is presented for JLAC information only.



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DATE: October 3, 2013

TO: Senator Chester Crandell, Chair
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Jay Zsorey, Financial Audit Division Director

SUBJECT: Financial Audit Schedule and Cost Reimbursement Audits

Background

The Financial Audit Division (Division) conducts annual financial and compliance audits of all state agencies, counties, community college districts, and universities to meet the requirements of the federal Single Audit Act. In addition, the Division conducts special financial audits, reviews, and investigations at the Legislature's request.

Attachment A titled "Fiscal Year 2014 Audit Schedule" provides a complete list of the Financial Audit Division's audit schedule. This schedule has been included as a courtesy and does not require any action to be taken.

Under the provisions of A.R.S. §41-1279.03(C), the Division can charge a fee to the auditee for performing federally mandated work with JLAC's approval. The auditee will ultimately recover the costs of the federal audit work performed from the federal grantor(s). The fiscal year 2014 audits that include federally mandated work are listed on **Attachment B** of the Financial Audit Division schedule titled "Audits including a portion of services to be performed on a cost-reimbursement basis." See action required below.

Action required

JLAC needs to consider and approve the Division to perform federally mandated work on a cost-reimbursement basis for certain political subdivisions of the State, under the provisions of A.R.S. §41-1279.03(C).

Attachment A

OFFICE OF THE AUDITOR GENERAL FINANCIAL AUDIT DIVISION Fiscal Year 2014 Audit Schedule

The Financial Audit Division's fiscal year 2014 audit schedule is presented below. All counties, community colleges, and state agencies, including the three state universities, will be audited in accordance with the Single Audit Act, as amended.

Arizona state-wide audit

Detailed testing of records is performed at the larger state agencies on an annual basis. Limited testing of procedures is performed at the remaining agencies on a rotating basis.

In addition to the annual state-wide financial statements issued by the Arizona Department of Administration, separate financial reports are issued by the following state agencies and audited by the Financial Audit Division on an annual basis:

Department of Economic Security—ALTCS
Office of the State Treasurer (Agency Funds only)

Arizona State University
Northern Arizona University
University of Arizona

County financial and compliance audits

Apache County
Cochise County
Coconino County
Gila County
Graham County
Greenlee County
La Paz County
Maricopa County
Mohave County
Navajo County
Pima County
Pinal County
Santa Cruz County
Yavapai County
Yuma County

College financial and compliance audits

Cochise County Community College District
Coconino County Community College District
Gila County Community College District
Graham County Community College District
Maricopa County Community College District
Mohave County Community College District
Navajo County Community College District
Pima County Community College District
Pinal County Community College District
Santa Cruz County Community College District
Yavapai County Community College District
Yuma/La Paz Counties Community College District

Attachment A

Other Audits/Special Reviews

Arizona County Community College Districts and Colleges of Qualifying Indian Tribes (Full-Time Equivalent Student Enrollment Report)

Arizona University System (Full-Time Equivalent Student Enrollment Report)

Department of Health Services—BHS Attestation

State Procurement Office—Compliance Review

Federal Land Payments

Attorney General—Colorado River Revolving Fund

Diné College Funding Compact

Attachment B

**OFFICE OF THE AUDITOR GENERAL
FINANCIAL AUDIT DIVISION
Audits including a portion of services that will be
performed on a cost-reimbursement basis
Fiscal year 2014**

The Financial Audit Division will conduct single audits of the State of Arizona and the following political subdivisions. The federal compliance work performed during these engagements is required by the Single Audit Act, and the related audit costs can be charged to the federal grant programs.

Apache County
Cochise County
Coconino County
Gila County
Graham County
Greenlee County
La Paz County
Maricopa County
Mohave County
Navajo County
Pima County
Pinal County
Santa Cruz County
Yavapai County
Yuma County

Cochise County Community College District
Coconino County Community College District
Gila County Community College District
Graham County Community College District
Maricopa County Community College District
Mohave County Community College District
Navajo County Community College District
Pinal County Community College District
Santa Cruz County Community College District
Yavapai County Community College District
Yuma/La Paz Counties Community College District



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DEPUTY AUDITOR GENERAL

DATE: October 3, 2013

TO: Senator Chester Crandell, Chair
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Ross Ehrick, Division of School Audits Director

SUBJECT: 2014-2015 School District Audit Schedule

Background

A.R.S. §41-1279.03 requires the Office of the Auditor General to conduct performance audits of randomly selected school districts and to monitor school districts to determine the percentage of every dollar spent in the classroom. The statute requires the Auditor General to determine, through random selection, the districts to be audited each year, subject to review by the Joint Legislative Audit Committee.

School district performance audits

Attachment A lists the school districts randomly selected for the combined 2014 and 2015 performance audit schedule. **Attachment B** lists the current status of the 2012 and 2013 audit schedules.

These school district performance audits review the efficiency and effectiveness of district noninstructional operations, such as administration, student transportation, food service, and plant operations, and make recommendations for improvement and/or identify best practices. These audits also review compliance with certain requirements, such as the proper coding of accounting transactions and expenditures of sales taxes received under Proposition 301. If applicable, these audits may also provide information on the district's desegregation program. To gain evidence to support information and conclusions in the reports, auditors interview district personnel; review district policies, procedures, and internal controls; examine district accounting records and other district documents; compare district costs to similar districts'; and determine compliance with certain statutory requirements. The audits result in publicly released audit reports and highlight documents.

Other school district audits and reports

The Office of the Auditor General is also required to monitor the percentage of every dollar spent in the classroom.¹ Our next annual *Arizona School District Spending* report will be issued in March 2014. This study determines the percentage spent in the classroom and other functional areas for the State and for each school district. It also reports on each district's operational efficiency, student achievement, and other measures.

Action required

None. Per statute, JLAC is to review the school districts randomly selected for performance audit, but is not required to approve them. The audit schedules and the additional information on other scheduled reports are presented for the Committee's information only.

¹A.R.S. §41-1279.03(9)

Attachment A

2014-2015 School District Performance Audit Schedule

School District	Size¹
Scottsdale Unified	Very Large
Peoria Unified	Very Large
Kyrene Elementary	Large
Nogales Unified	Medium-Large
Maricopa Unified	Medium-Large
Santa Cruz Valley Unified	Medium-Large
Littleton Elementary	Medium-Large
Tolleson Elementary	Medium-Large
Safford Unified	Medium-Large
Winslow Unified	Medium-Large
Window Rock Unified	Medium-Large
Isaac Elementary	Medium-Large
Osborn Elementary	Medium-Large
Laveen Elementary	Medium-Large
Fowler Elementary	Medium-Large
Payson Unified	Medium-Large
Page Unified	Medium-Large
Whiteriver Unified	Medium-Large
Kayenta Unified	Medium
Riverside Elementary	Medium
Duncan Unified	Small
St. David Unified	Small
Littlefield Unified	Small
Colorado City Unified	Small
Fredonia-Moccasin Unified	Small
Yarnell Elementary	Very Small
Kirkland Elementary	Very Small
Hillside Elementary	Very Small
Bouse Elementary	Very Small
Salome Consolidated	Very Small
Wenden Elementary	Very Small

¹ Size is based on ADM using the following categories:

Very Large—20,000 or more students

Large—8,000 to 19,999

Medium-Large—2,000 to 7,999

Medium—600 to 1,999

Small—200 to 599

Very Small—less than 200

Attachment B

2012 School District Performance Audit Schedule

School District	Size¹	Release Date
Flowing Wells Unified	Medium-Large	February 2012
Santa Cruz Valley Union High	Small	April 2012
Higley Unified	Large	May 2012
Prescott Unified	Medium-Large	May 2012
Cave Creek Unified	Medium-Large	June 2012
Fountain Hills Unified	Medium-Large	July 2012
Humboldt Unified	Medium-Large	July 2012
Marana Unified	Large	August 2012
Ray Unified	Small	August 2012
Hayden-Winkleman Unified	Small	August 2012
Vail Unified	Large	August 2012
Queen Creek Unified	Medium-Large	October 2012

2013 School District Performance Audit Schedule

School District	Size¹	Release Date
Bicentennial Union High	Very Small	March 2013
Ash Creek ESD	Very Small	March 2013
Ft. Thomas Unified	Small	May 2013
Pomerene Elementary	Very Small	May 2013
Chino Valley Unified	Medium-Large	June 2013
Colorado River Union High	Medium-Large	August 2013
Patagonia UHSD and ESD	Very Small	September 2013
Kingman Unified	Medium-Large	September 2013
Elfrida Elementary	Very Small	September 2013
Paradise Valley Unified	Very Large	October 2013
Clifton Unified	Very Small	October 2013
McNeal Elementary	Very Small	October 2013
Pearce Elementary	Very Small	November 2013
Double Adobe Elementary	Very Small	November 2013
Chinle Unified	Medium-Large	December 2013

¹ Size is based on ADM using the following categories:

Very Large – 20,000 or more students

Large – 8,000 to 19,999

Medium-Large – 2,000 to 7,999

Medium – 600 to 1,999

Small – 200 to 599

Very Small – less than 200