

The September 2023 Arizona Department of Administration (Department) sunset review was the second of 2 audit reports of the Department we issued as part of the Department’s sunset review. The first performance audit assessed whether the Department’s Arizona Strategic Enterprise Technology Office (ASET) complied with its statutory responsibility to oversee State information technology (IT) projects. We will issue a separate follow-up report for the ASET performance audit.

Our September 2023 sunset review found that the Department has established processes or taken steps to meet various statutory responsibilities to provide centralized support services for State government operations but has not implemented some prior audit recommendations intended to ensure school facility safety or complied with some open meeting law and complaint-handling requirements. We made 14 recommendations to the Department, and its status in implementing the recommendations is as follows:

Status of 14 recommendations

Implemented	3
Implementation in process	10
Not yet applicable	1

We will conduct an 18-month followup with the Department on the status of the recommendations that have not yet been implemented.

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

1. The Department should obtain signed interagency service agreements (ISA) from all State agencies that receive its IT services.

Implemented at 6 months—As of March 1, 2024, the Department had entered into ISAs with all 91 State agencies that receive its IT services, including the 12 State agencies for which the Department had not obtained a signed ISA for IT services during the audit.

2. The Department should develop and implement policies and procedures for periodically reviewing the appropriateness of Central Services Bureau (CSB) fees that require it to analyze the costs of CSB activities, compare these costs to the associated fees, determine the appropriate fees, and then revise CSB fees as needed.

Implementation in process—The Department determined that it would establish a process for setting and publishing CSB fees in rule and developed draft rules for this process. The draft rules include requirements for the Department to annually review the appropriateness of CSB fees based on actual CSB costs and publish and make its CSB fees available to all State agencies prior to establishing new fees. The Department reported that it anticipates submitting the proposed rules to the Governor’s Regulatory Review Council by the end of July 2024. We will assess the Department’s implementation of the draft rules during our 18-month followup.

3. The Department should require its Division of School Facilities to develop and implement a written plan that outlines key steps that it will take to address outstanding recommendations related to the prior audits of the Arizona School Facilities Board, including associated completion deadlines for each step.

Implementation in process—In October 2023, the Department developed a written status update of the outstanding recommendations related to the prior audits of the Arizona School Facilities Board, including

preliminary implementation time frames for recommendations that it was in the process of implementing (see *Arizona Department of Administration—Follow-up Report of 2 Arizona School Facilities Board Performance Audits and Sunset Reviews and 1 Special Audit* for more information on the Department’s status in implementing the recommendations from prior Arizona School Facilities Board audits that are not yet implemented). Although the Department’s status update included estimated implementation time frames as late as calendar year 2028, it also indicated that the Department planned to implement some of the recommendations by the end of fiscal year 2024. Therefore, we will assess the Department’s implementation of this recommendation during our 18-month followup.

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

4. The Department should ensure that all its employees have a completed conflict-of-interest disclosure form that requires them to disclose whether they or their relatives have a substantial interest in any Department decision making.

Implementation in process—The Department’s onboarding process includes steps for obtaining signed conflict-of-interest disclosure forms from new employees. In April 2024, we reviewed a random sample of 10 of 36 employees the Department onboarded between December 1, 2023, and April 5, 2024, and found that all 10 employees had signed a conflict-of-interest disclosure form. Additionally, the Department obtained signed conflict-of-interest disclosure forms for the 7 employees we identified during the audit who had signed an older version of the Department’s disclosure form that did not require them to disclose whether they or their relatives had a substantial interest in any Department decision making. However, the Department has not yet assessed whether all of its employees have completed the updated form. We will further assess the Department’s implementation of this recommendation during our 18-month followup.

5. The Department should develop and implement internal conflict-of-interest policies and procedures, that include:

- a. Requirements for public officers to complete a disclosure form at appointment.

Implementation in process—The Department has developed draft conflict-of-interest policies and procedures that include requirements for public officers to complete a disclosure form at appointment and reminding employees and public officers annually to complete a new disclosure form when their circumstances change and outline a process for remediating conflicts of interest disclosed by employees or members of public bodies. The Department reported that it anticipates implementing the draft policies and procedures in July 2024. We will assess the Department’s implementation of the draft policies and procedures during our 18-month followup.

- b. Reminding all employees and public officers at least annually to complete a new disclosure form when their circumstances change.

Implementation in process—See explanation for Recommendation 5a.

- c. A process for remediating conflicts of interest disclosed by employees or members of public bodies.

Implementation in process— See explanation for Recommendation 5a.

6. The Department should provide training to its employees and members of its public bodies on its newly developed conflict-of-interest policies and procedures.

Not yet applicable—As discussed in Recommendation 5a, the Department reported that it anticipates implementing its draft conflict-of-interest policies and procedures in July 2024. As a result, this recommendation is not yet applicable. We will assess the Department’s implementation of this recommendation during our 18-month followup.

Sunset Factor 5: The extent to which the Department has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.

7. The Department should develop and/or update and implement open meeting law policies and procedures for all Department public bodies to help ensure that they comply with open meeting law requirements, including:

- a. Requirements related to executive session, including notices, agendas, and motions and votes to hold executive session.

Implementation in process—As of April 2024, the Department had developed and begun implementing open meeting policies and procedures for its public bodies to help ensure compliance with open meeting law requirements, including requirements related to executive session and quorum. However, at the time of our review, most of the Department's public bodies had not yet held public meetings for us to assess their compliance since the Department began implementing these new policies and procedures. Therefore, we will assess the Department's implementation of this recommendation during our 18-month followup.

- b. Requirements related to quorum, such as public bodies only holding meetings if a quorum of members is present.

Implementation in process—See explanation for Recommendation 7a.

8. The Department should consult with the Attorney General's Office to ensure its open meeting law policies and procedures, including executive session and quorum practices, comply with open meeting law.

Implemented at 6 months

9. The Department should consult with the Attorney General's Office to determine and address potentially invalid actions taken at meetings that did not meet quorum requirements.

Implemented at 6 months

10. The Department should provide training for public body members and applicable Department staff on its open meeting law policies and procedures.

Implementation in process—As of April 2024, the Department had trained staff who oversee the Department's public bodies on open meeting law policies and procedures but reported that it is still in the process of training public body members on these policies and procedures during official meetings. We will assess the Department's implementation of this recommendation during our 18-month followup.

Sunset Factor 6: The extent to which the Department has been able to investigate and resolve complaints that are within its jurisdiction and the ability of the Department to timely investigate and resolve complaints within its jurisdiction.

11. The Department should develop and implement a process, including written procedures, for providing a written response to benefit grievances within 60 days, as required by rule, and provide written responses to benefit grievances within this time frame.

Implementation in process—The Department developed a process, including written policies and procedures, for providing a written response to benefit grievances within 60 days as required by rule. However, our review of a random sample of 10 of the 28 benefit grievances the Department received from January 2024 to April 2024 found that 5 did not follow the Department's process for providing a written response to the benefits grievances within 60 days. We will further assess the Department's implementation of this recommendation during our 18-month followup.