

We issued the following 3 separate audit reports on the Arizona Department of Agriculture (Department) in 2020:

- April 2020 performance audit—State Agricultural Laboratory (Report 20-102).
- September 2020 performance audit—Key Regulatory Responsibilities (Report 20-107).
- September 2020 sunset review (Report 20-108).

These 3 audit reports made a total of 47 recommendations to the Department, including that it develop a formal process for tracking and determining how to allocate State Agricultural Laboratory (Lab) costs; ensure the 3 Department divisions we reviewed—the Environmental Services Division (ESD), the Pest Management Division (PMD), and the Weights and Measures Services Division (WMSD)—develop and implement risk-based, data-driven, and internally coordinated inspection approaches to help ensure higher-risk licensees and establishments are inspected and more efficiently use inspection resources; ensure that license applicants meet all licensing requirements; comply with all statutory conflict-of-interest requirements and recommended best practices; and effectively safeguard its IT systems and sensitive data.

Based on our previously completed follow-up work on the 3 Department reports, 21 of 47 recommendations have either been implemented or are no longer applicable.¹ This report provides information on the Department’s status in implementing the remaining 26 outstanding recommendations, which is as follows:

Status of 26 outstanding recommendations

Partially implemented	5
Not implemented	21

As shown above, we determined that the Department has only partially implemented 5 of 26 outstanding recommendations, although it has had from 4 to 4½ years to implement all the recommendations from our 3 reports. Additionally, despite making 2 requests for information as part of this followup, the Department provided limited, or in several cases, no documentation to demonstrate its progress in implementing the remaining 21 unimplemented recommendations. Absent this information/documentation, we were unable to independently assess the Department’s efforts to implement these recommendations, including corroborating any verbal/written statements it made reporting its progress. Additionally, by not implementing these recommendations, the Department cannot ensure that its lab costs are appropriately allocated to its various funding sources; it has not established a Department-wide risk-based, data-driven inspection approach that focuses inspections on licensees that pose a greater risk to public health and safety and helps protect consumers from inappropriate and excessive fees and costs; and it has not adequately protected the public by ensuring license applicants have met all statutory and rule requirements. In fact, the Department has continued to not fulfill its licensing responsibilities. For example, we identified 1 applicant that the Department licensed that did not meet all requirements and also a significant lack of documentation of its processes to ensure that other applicants we reviewed were qualified for licensure.

The Department has had sufficient time to implement all the recommendations from our 3 reports. Given its lack of progress and demonstrated lack of commitment to implement our recommendations, we do not see further benefit in continuing to follow up with the Department. Therefore, unless otherwise directed by the Joint Legislative Audit

¹ Effective December 31, 2021, Laws 2021, Ch. 283, authorized the Department to obtain criminal history background checks for all initial certified applicator license applicants. Because 1 recommendation was based on if the Department did not receive this authorization from the Legislature, this recommendation was determined to no longer be applicable after these laws passed.

Committee, this report concludes our follow-up work on the Department's efforts to implement the recommendations from our April and September 2020 reports.

Report 20-102—Performance Audit—State Agricultural Laboratory—54-Month Followup

Finding 1: Department does not track costs of specific Lab services, limiting its ability to appropriately allocate costs and set fees

1. The Department should develop a formal process for tracking and determining how to allocate Lab costs, including:
 - a. Tracking all costs associated with Lab testing services, including direct and indirect costs, ensuring that its testing services are as efficient as possible, and comparing the cost of its Lab testing services with its various funding sources, including fees, to accurately determine the extent to which these various funding sources cover the costs of the associated testing services.

Not implemented—The Department reported that as of October 2021, it had implemented the necessary changes needed to begin comparing Lab expenses against its various funding sources. However, as of February 2024, the Department reported that it was still collecting data on Lab costs and did not provide any documentation indicating that it had begun comparing Lab expenses against its various funding sources.
 - b. Determining who benefits from Lab testing services. For example, it should determine whether a specific testing service benefits the public or a specific industry.

Not implemented—The Department had completed an initial assessment of Lab testing service beneficiaries at the time of our initial followup in January 2021 and reported that it planned to solicit stakeholder feedback on this assessment from various stakeholders during a meeting it intended to hold in calendar year 2023. However, as of February 2024, the Department had not held this meeting or otherwise proceeded with utilizing the results of its initial assessment to potentially make changes to the Lab's funding structure, as recommended in 1c.
 - c. In conjunction with the previous steps, working with other Department divisions, the Legislature, and industry stakeholders to determine whether changes should be made to the Lab's funding structure, including any changes to its fees, and take appropriate action based on these determinations.

Not implemented—As explained in Recommendations 1a and 1b, because the Department has not tracked and determined all costs associated with Lab testing services and finalized an assessment of who benefits from these services, it lacks the needed information to determine whether changes should be made to the Lab's funding structure, including making any changes to Lab fees.

Report 20-107—Performance Audit—Key Regulatory Responsibilities—48-Month Followup

Finding 1: Divisions' inspection approaches resulted in some higher-risk establishments not being inspected and inefficiently used inspection resources

1. The Department should require the Environmental Services Division (ESD), Pest Management Division (PMD), and Weights and Measures Services Division (WMSD) to develop and implement risk-based, data-driven, and internally coordinated inspection approaches to help ensure higher-risk licensees and establishments are inspected and to help minimize duplicated effort and travel.

Not implemented—Since our previous followup, the WMSD has demonstrated it is in the process of implementing this recommendation, but the ESD and PMD have not implemented or demonstrated they have made progress toward implementing this recommendation. Specifically:

- **The WMSD is in the process of implementing this recommendation**—The WMSD has developed a risk-based inspection plan that incorporates some risk-based criteria for determining the number of inspections its inspectors should perform within a 2-year time frame. Specifically, it uses data/information such as industry compliance rates, potential impact on public safety, and total number of inspection locations to develop risk scores for various inspection categories, such as small-capacity airport scales; commercial scales, including those used at grocery stores or some medical marijuana establishments; and motor fuel dispensing devices. Based on these risk scores, the WMSD establishes a goal for the number of inspections each inspector should perform in each category within a 2-year inspection cycle. Inspectors then use their discretion to select which licensed establishments they will inspect within each inspection category to meet their assigned number of inspections. Additionally, the WMSD has implemented a process to automatically schedule a reinspection following failed inspections, which result in a detrimental violation resulting in a total civil penalty of \$1,000 or more, or \$300 or more at a location with a single device, 6 months from the date of the failed inspection. However, other than this specific risk factor that the WMSD uses to perform re-inspections, the WMSD's risk-based criteria does not address risk at a licensee or establishment level and instead assigns risk to broader inspection categories, contrary to recommended practices that state risk factors should be specific to individual licensees or establishments to ensure higher-risk licensees or establishments are prioritized for inspection. Therefore, by not implementing our recommendation, the WMSD cannot ensure that higher-risk licensees and/or establishments are being inspected to help protect consumers.

The WMSD's risk-based inspection plan requires it to refresh the data it uses prior to each new 2-year inspection cycle, but it does not address whether risk factors will also be reviewed as a part of this process. Additionally, although the WMSD tracks inspection goals related to the total number of inspections within each category that inspectors should complete during its 2-year inspection cycle, it has not developed policies and procedures for regularly assessing and monitoring these goals. Instead, the Department reported supervisors perform spot-checks of this information.

- **The ESD has not implemented this recommendation**—Although the ESD previously provided policies for scheduling risk-based inspections using several risk factors and planning and coordinating inspections during our May 2023 30-month followup, the ESD did not provide any additional documentation or other evidence to demonstrate its implementation of these policies or use of inspection data to help coordinate or prioritize inspections. Specifically, the ESD only provided information on the total number of annual inspections it has performed, and did not provide requested evidence in response to either of our 2 requests demonstrating how it has executed risk-based, data-driven, and internally coordinated inspections based on the results of prior inspections. Additionally, as reported in our May 2023 30-month followup, the ESD had not established a documented process for periodically reassessing its risk factors and reported that it did not plan to implement daily or weekly inspection goals or a method to track inspectors' travel time. Instead, the ESD reported that it tracks the percentage of completed monthly inspections based on each inspector's assigned number of monthly inspections. Furthermore, the ESD has not established policies or procedures for regularly assessing and monitoring inspector goals.

The ESD is responsible for inspecting the use of pesticides for agricultural purposes; ensuring agricultural workers' safety from dangerous pesticides; and inspecting retail establishments that sell seed, feed, fertilizer, and pesticide products to help protect consumers from purchasing recalled, expired, and misbranded products. However, as explained in our September 2020 performance audit report, by not implementing our recommendation to establish a risk-based, data-driven, and internally coordinated inspection process, the Department is not consistently focusing inspections on establishments and agricultural pesticide uses that pose a greater risk to public health and safety.

- **The PMD has not implemented this recommendation**—The PMD has developed a risk-based inspection policy that it reported is intended to ensure higher-risk licensed pest management companies are prioritized for inspection. The policy defines “high-risk” licensed pest management companies as those that have received a complaint(s), perform pest control services in multiple categories, operate multiple offices throughout the State, or have previous inspection findings. However, PMD staff reported that inspections are scheduled based on the PMD’s inspection goal of requiring staff to inspect all licensed pest management companies once every 3 years, or upon receipt of a public complaint filed against the licensee. Although the PMD collects and maintains inspection data in its database, it is not used to prioritize inspections. By not implementing our recommendation, the PMD potentially does not protect the public by consistently inspecting higher-risk licensed pest management companies. Additionally, as discussed in our September 2020 performance audit report, PMD staff reported that inspectors are still expected to look for unlicensed pesticide management activity or in-process pesticide applications to inspect while traveling to scheduled inspections. However, as noted in our audit report, based on management’s direction that inspectors could spend up to 2 hours per day driving around looking for unlicensed activity or in-process pesticide applications, each of the Division’s inspectors could potentially spend 500 hours annually on this activity.

Although PMD staff reported that inspections are scheduled based on the length of time since the last inspection and not the risk factors identified in policy, the PMD has established procedures for periodically reviewing the inspection risk factors in its policy. Specifically, the PMD’s policy states that beginning in July 2024, the Pest Management Advisory Committee is expected to meet in the first quarter of each fiscal year to determine whether the risk-based inspection policy should be modified. Lastly, although the PMD staff reported inspectors are expected to meet the goal of completing 7 inspection-related items per week, including completing various inspection types, such as pesticide use or Termite Action Report Form inspections, it has not developed policies and procedures for regularly assessing and monitoring these goals. Instead, the Department reported supervisors should perform spot-checks of the inspectors’ weekly activities.

2. The Department should require the ESD, PMD, and WMSD to identify and document the risk factors they will use to inform their risk-based inspection approaches and establish a process to periodically reassess these risk factors based on new information or changing circumstances.

Not implemented—See explanation for Recommendation 1.

3. The Department should require the ESD, PMD, and WMSD to collect, maintain, and review sufficient data regarding licensees, devices, and establishments subject to inspection and the results of prior inspections to help plan and execute risk-based, data-driven, and internally coordinated inspection approaches.

Not implemented—See explanation for Recommendation 1.

4. The Department should require the ESD, PMD, and WMSD to establish inspection goals and performance metrics for division inspectors, such as the number of inspections that inspectors should complete on a daily or weekly basis and time spent traveling versus performing inspections.

Partially implemented at 42 months—Each division has developed an inspection goal for the total number of inspections each inspector should perform weekly, monthly, or within a 2-year inspection cycle that each division reports to Department management. The PMD and WMSD have established additional goals for their inspectors, such as the number of inspection-related activities inspectors should complete on a weekly basis and the types of inspections each inspector should complete annually. However, the PMD and WMSD do not report these goals to Department management. The 3 divisions have also not established any additional inspection goals or performance metrics, such as metrics related to the efficiency of the divisions’ inspection activities. By not fully

implementing our recommendation, the Department lacks needed information to help ensure division inspections are efficient and appropriately and consistently focus on higher-risk licensees.

5. The Department should develop and implement policies and procedures for regularly assessing and monitoring inspector performance against the established goals and performance metrics and reporting information about the divisions' inspection activities, goals, and performance metrics to Department management.

Not implemented—Although each division has established a weekly, monthly, or 2-year inspection cycle inspection goal for their inspectors (see explanation for Recommendation 4), the Department has not developed and implemented policies and procedures for regularly assessing and monitoring inspector performance against its divisions' inspection goals and reporting information about the divisions' inspection activities and goals to Department management.

6. The Department should centrally monitor division inspection activity and results and hold its divisions accountable against established expectations, inspection goals, and performance metrics.

Partially implemented at 42 months—The Department holds a monthly management meeting during which it discusses and reviews several items, including the total number of inspections each of its divisions have performed. Each division has reported varying results toward meeting its inspection goal. For example, the ESD reported meeting its inspection goal for the 8 months we reviewed, whereas the PMD reported not meeting its inspection goal for 4 of 8 months. However, despite this mixed performance reported by its divisions, the Department has not developed a process for holding its divisions accountable against any established expectations, inspection goals, and performance metrics.

Finding 2: Department did not inspect the majority of licensed airport scales and any licensed medical marijuana dispensary scales to ensure their accuracy

8. The Department should implement its planned airport scale inspection program, including defining how frequently Department-licensed scales should be inspected based on assigned risk, in conjunction with its efforts to improve its inspection approach as recommended in Recommendations 1-6 in Finding 1.

Not implemented—As explained in our May 2023 30-month followup, the WMSD's risk-based inspection plan incorporates airport scale inspections within the other small-capacity scales inspection category, and the WMSD has determined that 3 of 14 airport locations in the State should be inspected within each 2-year inspection cycle. However, as explained in Recommendation 1, the risk-based inspection plan only specifies the number of inspections WMSD inspectors should perform in each inspection category within a 2-year period, including airport inspections, and does not address or assign risk at an establishment level. Therefore, the WMSD's inspection plan does not incorporate risk factors for each specific airport location with licensed airport scales, such as prior inspection outcomes or number of licensed scales, to help prioritize its inspection activities, contrary to recommended practices. By not implementing our recommendation to establish a risk-based, data-driven inspection approach for licensed scales at Arizona airports, the Department potentially does not ensure the accuracy of scales to protect consumers from inappropriate and excessive baggage fees.

9. The Department should work with its Assistant Attorney General to ensure it inspects licensed scales and packaged products sold by weight at medical marijuana dispensaries, as required by State law by working with licensed scale owners and other stakeholders, as appropriate, to determine a process for inspecting these scales.

Not implemented—Although the WMSD's risk-based inspection plan includes a category and goal for the number of licensed scale and packaged products sold by weight inspections it should perform at marijuana dispensaries within a 2-year inspection cycle, the plan does not address or assign risk to individual establishments to help it prioritize its inspection activities. Instead, inspectors use their discretion to choose which establishments to inspect, thereby increasing the risk that some consumers purchasing products based on weight may not be assured they receive the accurate amount of marijuana product for which they paid. Additionally, the Department reported that the National Conference on Weights and Measures adopted a new standard establishing the allowable moisture amount for cannabis products in July 2024. This standard becomes effective on January 1,

2025. The Department further reported it plans to adopt the standard through a formalized rulemaking and, once it has done so, will finalize its process for inspecting such products.

10. The Department should work with its Assistant Attorney General to develop and implement an inspection program for scales and products sold by weight at medical marijuana dispensaries, including defining how frequently Department-licensed scales should be inspected based on assigned risk, in conjunction with its efforts to improve its inspection approach as recommended in Recommendations 1-6 in Finding 1.

Not implemented—See explanation for Recommendation 9.

Finding 4: Department licensed 66 percent of applicants we reviewed although they did not meet all license requirements

16. The Department should issue licenses to only those applicants who meet all licensing requirements.

Not implemented—We reviewed a judgmental sample of 28 license applications across 6 different license types the Department approved, renewed, or denied between 2021 and 2024 and found that the Department:

- Lacked documentation demonstrating that 26 applicants that were approved for a license met all licensing requirements, and we identified multiple documentation deficiencies for 24 of these applications. This included the Department lacking documentation demonstrating that 6 applicants passed all required licensing exams, 3 applicants provided required proof of lawful presence, and 6 applicants for renewal licenses completed all required continuing education hours.² Furthermore, the Department was unable to provide documentation that 15 applicants had paid all required fees, potentially indicating the Department had not collected all fees established in statute and rule.
- Inappropriately issued 1 registered service representative license to an unqualified applicant who did not pass either of the 2 licensing exams required for the license. After bringing this licensee to Department staff's attention, they agreed this individual likely should not have received a license.
- Appropriately denied 1 license for an applicant who did not meet all statutory and rule requirements.

By inappropriately licensing unqualified applicants and not obtaining or retaining documentation demonstrating license applicants' compliance with all license requirements, the Department is at risk of violating statute and rule and cannot ensure the qualifications of license applicants, which potentially puts the public at risk.

The Department processes licenses centrally, and some of its divisions also separately process licenses, and it has developed some checklists for reviewing and approving license applications. However, it lacks a coordinated licensing approach between its central licensing function and divisions that perform some licensing activities and sufficient policies, procedures, and license application forms to help ensure that license applicants submit all necessary documentation and have met all statutory and rule requirements prior to issuing licenses. For example, we requested the Department provide lists of applicants issued licenses for 13 different license types since January 2024; however, Department staff reported that because the Department's central licensing manager resigned, they were unsure how to provide these lists for each license type and were unaware of any procedures for doing so. Additionally, our review of the 28 licenses identified some outdated application forms that did not fully reflect licensing requirements, requested self-reported information without corresponding documentation, and did not require applicants to disclose their license history as required by rule. Finally, the Department has not established policies for retaining key licensing documentation, such as checklists staff use to process licenses, evidence of supervisory reviews, and documentation submitted by license applicants (see Recommendations 18 and 19).

² These applicants included certified and qualified applicators, agricultural pesticide applicators, and registered service representatives. Certified applicators provide pest management services in various locations, including homes, businesses, schools, and healthcare facilities. Qualified applicators have experience as a certified applicator and, in addition to providing pest management services, may register with the Department as the individual responsible for ensuring the proper training, equipping, and supervising of all applicators employed by a pest management business or school district. Registered service representatives are individuals licensed to install, service, test, or repair commercial devices, such as small scales and fueling devices.

18. The Department should develop and implement licensing policies, procedures, guidance, and/or checklists that specify the documentation applicants must submit and the Department should review and retain to help ensure license applications are complete and that applicants pay all required licensing fees, and train staff on these policies and procedures.

Not implemented—The Department has developed checklists for reviewing some license applications prior to approving a license but has not developed policies and procedures for using these checklists and could not provide documentation that its staff used these checklists because the Department reported it does not retain completed checklists used during the application review process. As explained in Recommendation 16, the Department also does not consistently retain documentation that applicants submit. Additionally, although the Department reported providing training to staff related to its checklists, it did not provide documentation of this training, such as training materials or attendance rosters, in response to our requests for this documentation.

19. The Department should develop and implement a risk-based supervisory review process using risk factors, such as whether new staff are processing license applications or there are statute or rule changes to licensing requirements, to help ensure that Department staff issue licenses only to applicants who meet all licensing requirements.

Not implemented—As reported in our May 2023 30-month followup, the Department has developed policies and procedures outlining supervisory review requirements for licensing staff and reported that these reviews are occurring. However, the Department again reported that they do not retain evidence demonstrating that these supervisory reviews have occurred; therefore, we were unable to determine whether the Department has implemented its supervisory review policies and procedures. Additionally, our review of 28 licensing applications did not identify any evidence that the applications had undergone supervisory review (see Recommendation 16).

Report 20-108—Sunset Review—48-Month Followup

Finding 1: Department did not comply with some conflict-of-interest requirements

1. The Department should comply with statutory conflict-of-interest requirements and best practices, including:

d. Establishing a process to review and remediate disclosed conflicts.

Partially implemented at 42 months—The Department has developed a conflict-of-interest policy that requires appropriate Department management to review and approve or deny an employee’s and/or Commission/Board member’s participation in any manner on behalf of the Department in any contract, sale, purchase, or service to the Department in which the public employee, Commission/Board member or volunteer, or a relative has a direct or indirect financial or ownership interest. Additionally, this policy prohibits employees and/or Commission/Board members from participating in decisions in which they have a substantial interest. To determine whether the Department has fully implemented this policy and process, we requested a list of all disclosed conflicts of substantial interest. However, the Department only provided documentation of its review and approval of secondary employment disclosed by its employees, which did not require remediation. Because the Department did not provide documentation of its review and remediation for other types of disclosed conflicts, we were unable to determine whether the Department has fully implemented its remediation process for all types of disclosed conflicts.

2. The Department should update and implement its policies and procedures to comply with all the State’s conflict-of-interest requirements and best practices.

Partially implemented at 42 months—The Department has updated and implemented parts of its conflict-of-interest policy to address various statutory and best practice requirements, including requiring employees and/or Commission/Board members to submit an annual conflict-of-interest disclosure form and using a conflict-of-interest disclosure form that addresses both financial and decision-making conflicts of interest. Additionally, its conflict-of-interest policy requires appropriate Department management to review and approve or deny an employee’s and/or Commission/Board member’s participation in any manner on behalf of the Department in any contract, sale, purchase, or service to the Department in which the public employee, Commission/Board member or volunteer, or a relative has a direct or indirect financial or ownership interest and prohibits employees and/or Commission/Board members from participating in decisions in which they have a substantial interest. However, as explained in Recommendation 1d, despite our requests, the Department did not provide documentation demonstrating it had implemented its policy and process for remediating all types of disclosed conflicts.

3. The Department should develop and implement periodic training on its conflict-of-interest requirements, process, and form, including providing training to all employees and public officers on how the State’s conflict-of-interest requirements relate to their unique program, function, or responsibilities.

Partially implemented at 42 months—The Department has developed a conflict-of-interest training presentation and has begun to train new employees and annually train existing employees on its conflict-of-interest requirements, process, and form. However, although the Department provided documentation showing which employees had completed the annual training, after several requests, it failed to provide documentation indicating whether its public officers have completed the training.

Finding 2: Department did not effectively safeguard its IT systems and sensitive data

5. The Department should incorporate security requirements prescribed by ASET and recommended by credible industry standards into its web application development to address potential vulnerabilities and help ensure its web applications are secure.

Not implemented—As reported in our December 2022 24-month followup, the Department implemented some security requirements prescribed by ASET and recommended by credible industry standards into its

web application development but reported that it would be unable to implement all security requirements until June 2023.³ The Department subsequently reported that it planned to hire a senior information security analyst in fiscal year 2024 who would be responsible for implementing the majority of the recommendations related to the Department's IT security governance framework, including the adoption and implementation of security requirements prescribed by the Arizona Department of Homeland Security (AZDOHS). However, as of August 2024, the Department reported it had yet to hire for this position, citing the lack of ongoing funding to pay for the position. In its fiscal year 2026 budget request that it submitted to the Governor's Office of Strategic Planning and Budgeting in September 2024, the Department has requested ongoing funding to hire and retain a senior information security analyst. The Department further reported that it is waiting to hire for this position until it receives the funding to do so on an ongoing basis to help ensure it has the resources to provide continuing oversight of its IT security governance framework. Consequently, the Department reported having only made partial progress in implementing the IT security recommendations from our September 2020 performance audit and sunset review. As such, we did not perform any additional review of the Department's reported progress in adopting IT security requirements prescribed by AZDOHS.

6. The Department should appropriately manage web application accounts in accordance with ASET policies and recommended credible industry practices.

Not implemented—The Department did not provide any evidence or documentation to indicate it is appropriately managing web application accounts in response to our requests but reported that it plans to hire a senior information security analyst to help do so. However, as explained in Recommendation 5, as of August 2024, the Department reported it had yet to hire for this position.

9. The Department should develop and implement an IT security governance framework, as required by ASET policy and recommended by credible industry standards, that includes the following:

- a. Reviewing, modifying as needed, and implementing its draft IT security policies and procedures. As part of this process, the Department should ensure that its policies and procedures:
 - Describe how those charged with IT security governance will safeguard IT systems and data, such as ensuring annual risk assessments are performed.
 - Define staff roles and responsibilities.
 - Address ASET requirements and credible industry standards for web application development, such as gathering security requirements, using secure coding standards, performing threat modeling, and reviewing source code.
 - Require that user account access and account privileges be reviewed periodically.
 - Require that accounts for terminated employees be disabled or removed as soon after the employee leaves as is practical.
 - Require that all sensitive data be accessible only to those who need it to perform their job duties.
 - Require that all staff and contractors who have access to or use its IT systems complete annual security awareness training and establish processes for tracking compliance with this requirement.

Not implemented—As reported in our December 2022 24-month followup, the Department revised its IT security policies and procedures to include all information required by ASET policy and recommended by credible industry standards. For this followup, the Department further reported that it is working to finalize its IT security governance framework consistent with AZDOHS standards and has outlined plans to develop new policies for user access and account management as part of its ongoing IT modernization efforts, as well as requirements for continuous reviews of and updates to its IT security policies and procedures. However, as explained in Recommendation 5, the Department reported that it had only made partial progress toward implementing our IT security recommendations, which would include these policies,

³ Effective September 24, 2022, Laws 2022, Ch. 50, transferred the Statewide Information Security and Privacy Office within ADOA-ASET and most of its responsibilities to the Arizona Department of Homeland Security.

because it planned to hire a senior information security analyst in fiscal year 2024 who would be responsible for implementing these policies, but as of August 2024, it had yet to do so.

- c. Incorporating IT security performance measures into its strategic plan and using the measures to monitor progress toward achieving its IT security-related goals and objectives.

Not implemented—As reported in our December 2022 24-month followup, the Department developed an IT strategic plan for fiscal year 2022 that included IT security-related goals and objectives and developed associated performance measures that it also incorporated into its IT strategic plan. However, the Department did not provide any evidence in response to our requests that it used its performance measures to monitor its progress toward achieving its IT security-related goals and objectives and instead reported that the senior information security analyst it planned to hire in fiscal year 2024 but had not as of August 2024, would be responsible for developing and incorporating IT security performance measures into its strategic plan (see explanation for Recommendation 5).

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

10. The Department should conduct an annual physical inventory of its capital assets and maintain clear, accurate, and complete information for its capital assets in the State's accounting system so that the capital assets can be easily identified during annual physical inventory.

Not implemented—As reported in our December 2022 24-month followup, the Department created a list of agency assets in December 2021 and was working to verify the location of its assets or conducting research to determine if they were disposed of and need to be removed from its listing. However, as of February 2024, the Department had not provided an update as to the status of its efforts to verify the location of its assets, or its research to determine which assets it had disposed of and needed to be removed from its listing. The Department reported that its Chief Financial Officer is responsible for annually compiling a verified list of its assets but did not provide any policies or procedures for this process, nor any evidence of the CFO completing this process.

11. The Department should remove assets that have been disposed or transferred from the State's accounting system within the SAAM required time frame.

Not implemented—As reported in our December 2022 24-month followup, the Department removed some disposed assets from the State's accounting system but was still in the process of identifying all assets it disposed of and needed to remove. However, as of February 2024, the Department reported that it has yet to remove some assets from the State's accounting system that it disposed of prior to its sunset review. Additionally, although the Department reported that it has removed all recently disposed assets from the State's accounting system within the SAAM-required time frame, it provided no evidence or documentation of doing so.

12. The Department should develop policies and procedures for all areas required by the SAAM, including policies and procedures for handling cash payments, administering and using p-cards, and requesting reimbursement for travel expenses, including lodging and meals.

Not implemented—At the time of our December 2022 24-month followup, the Department reported it had begun drafting policies and procedures for administering and using p-cards and reported that it was working on developing policies and procedures for all areas required by the SAAM. However, as of February 2024, the Department reported that it instead follows the policies set forth in the SAAM rather than developing Department-specific policies, despite a SAAM requirement that agencies develop agency-specific policies in each of these 3 areas. Additionally, written agency-specific policies and procedures help employees better understand their duties and responsibilities regarding the use and management of public monies and can help mitigate against assets being lost, stolen, or misused.

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

17. Notify complainants about the status of complaint investigations, as required by Department policy.

Not implemented—The Department reported that all pesticide complainants receive updated letters monthly regarding the status of complaint investigations. However, the Department did not respond to our requests to provide a list of pesticide complaints to test whether complainants received monthly update letters in calendar year 2023, as required by Department policy.