

Katie Hobbs
Governor



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ARIZONA DEPARTMENT OF ADMINISTRATION

GOVERNOR'S REGULATORY REVIEW COUNCIL
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August 19, 2024

Lindsey A. Perry, Auditor General
2910 N. 44th Ste.
Suite 410
Phoenix, Arizona 85018

Dear Ms. Perry,

Thank you for providing us with the draft report of the sunset review and performance audit for the Governor's Regulatory Review Council ("GRRC"), housed within the Arizona Department of Administration. We appreciate the opportunity to respond.

Attached, please find our response to the sunset audit findings. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessica Klein".

Jessica Klein

ADOA General Counsel
Chair, Governor's Regulatory Review Council

CC via email: George Skiles, Partner, Sjoberg Evashenk Consulting, George@secteam.com

Sunset Factor 2: The Council's effectiveness and efficiency in fulfilling its key statutory objectives and purposes.

Recommendation 1: The Council should develop written policies, procedures, and or other guidance documents outlining its recently implemented process to track the receipt of rule review requests, dates interim steps were completed (e.g. date council staff complete their review, Study Session meeting date(s), Council Meeting date(s), and the date review was completed), and its compliance with the 120-day requirement.

Council response: The finding is agreed to and the audit recommendation will be implemented.

Response explanation: GRRC accepts this recommendation and has implemented separate tracking to ensure that all rulemakings are approved within the 120-day window. GRRC staff now use metrics to track whether rule-making submissions have been approved by the Council within 120 days. These metrics are reported out to ADOA leadership to maintain accountability.

Recommendation 2: The Council should establish a timeline or target to complete its initial review of 5-year review reports and develop written policies, procedures, and/or other guidance documents outlining its recently implemented process to track this review, including interim steps such as dates council staff completed their review, dates the report was sent back to the agency for revision, and agency initial and resubmission dates.

Council response: The finding is agreed to and the audit recommendation will be implemented.

Response explanation: Though a 120-day review timeframe for 5-year review reports is not a statutory requirement, GRRC agrees that this is a best practice. GRRC staff will implement a timeline to complete the initial review of 5-year review reports within 120 days. Council staff already tracks initial submission and Council approval dates in its 5-year review report calendar and tracks Council staff review timelines in its huddle board, but has added additional columns for the dates reports are returned to agencies and/or resubmitted.

Recommendation 3: The Council should review its current practices for fulfilling its statutory responsibilities related to 5-year review reports and implement additional management oversight, such as periodically reviewing the 5-year review report deadline calendar to ensure notification timelines were met and implementing a secondary review process of notifications, to better ensure compliance and timely, accurate notifications.

Council response: The finding is agreed to and the audit recommendation will be implemented.

Response explanation: To improve oversight and to better track 5-year review report due dates, Council staff has created a single spreadsheet to track 90-day notice due dates, dates notices are sent, and due date extensions granted, to reduce similar issues from occurring.

Recommendation 4: The Council should review its 5-year review report deadline calendar to identify and correct any errors, ensure information reported is accurate and complete, and ensure that reports have been submitted for all required agency rule reviews.

Council response: The finding is agreed to and the audit recommendation will be implemented.

Response explanation: As of July 2024, Council staff completed an extensive audit of its 5-year review report calendar to identify and correct any errors, ensure information reported is accurate and complete, and ensure that reports have been submitted for all required agency rule reviews. Council staff did not identify any additional agency reports that have not been submitted or reports submitted that did not include all required rules that would necessitate the rule expiration procedures in A.R.S. § 41-1056(J).

Recommendation 4a: If this review finds that additional reports have not been submitted or reports submitted did not include all required rules, the Council should immediately publish the rule expiration notice and notify the appropriate parties that the rules have expired and are no longer in effect.

Council response: The finding is agreed to and the audit recommendation will be implemented.

Response explanation: As of July 2024, Council staff completed an extensive audit of its 5-year review report calendar to identify and correct any errors, ensure information reported is accurate and complete, and ensure that reports have been submitted for all required agency rule reviews. Council staff did not identify any additional agency reports that have not been submitted or reports submitted that did not include all required rules that would necessitate the rule expiration procedures in A.R.S. § 41-1056(J).

Sunset Factor 5: The extent to which the Council has provided appropriate public access to records, meetings, and rulemakings, including soliciting public input in making rules and decisions.

Recommendation 5: The Council should follow ADOA's open meeting law policies and procedures.

Council response: The finding is agreed to and the audit recommendation will be implemented.

Response explanation: As of April 2024, GRRC staff updated its public meeting standard script utilized by the Council Chair and Vice Chair to include language to help ensure statutory compliance when seeking to go into, and participating in, executive sessions.

Sunset Factor 8: The extent to which the Council has established safeguards against possible conflicts of interest.

Recommendation 6: The Council should follow ADOA's conflict-of-interest policies and procedures.

Council response: The finding is agreed to and the audit recommendation will be implemented.

Response explanation: GRRC staff and council members will be covered by the changes to ADOA processes that were implemented in response to recommendations made during the Auditor General's September 2023 sunset review of ADOA, so conflict-of-interest disclosures will be made in compliance with the annual ADOA conflict-of-interest policies and procedures. These disclosures are in addition to the disclosures made monthly pursuant to GRRC's conflict-of-interest policies and procedures.