

Independent, objective, making a positive difference

The Arizona Auditor General's Office makes a positive difference in the way our State and its local governments operate. We focus on helping State agencies, the State universities, counties, community colleges, school districts, and special taxing districts improve their accountability and use public monies effectively. We do this by reviewing their finances, operations, and/or performance and making recommendations for improvement. The Office issued 198 audits, reviews, investigations, and followups with over 660 recommendations in fiscal year 2019.

Who we are

The Arizona Auditor General's Office is a legislative agency under the direction of the Joint Legislative Audit Committee, a bipartisan committee composed of 5 senators and 5 representatives.

Performance audits and sunset reviews

19 reports | 217 recommendations

Our performance audits assess how well State agencies, school districts, and other government entities are providing services to Arizona's citizens. Our reports include many recommendations that help State leaders, agencies, and school districts better serve the people of Arizona. Sunset reviews are performance audits that include questions to help the Legislature determine whether it is in the State's best interest to keep or "sunset" (terminate) an agency.

Followups

53 followups

We follow up with State agencies, school districts, and other government entities we have audited at established intervals to assess how many of our recommendations they have implemented and the status of these recommendations.

Recommendations implemented



Agencies/school districts **91%**

Financial investigations and alerts

11 reports | 21 recommendations

We conduct investigations of Arizona agencies, universities, counties, community colleges, school districts, and special taxing districts when we receive allegations that public monies are being misused. We receive these allegations from a number of sources—our audit teams, concerned citizens, public employees, prosecuting agencies, and law enforcement. If our investigations uncover criminal violations, we submit our findings to prosecutors for independent review, then issue these findings to the public after the prosecuting agency files a criminal indictment or complaint. We also issue special alerts to these entities to address particularly significant issues in a timely way, such as information we have prepared to help deter and detect fraud.

Financial and federal compliance audits

49 reports | 382 recommendations

Financial audits examine the State's, universities', counties', and community college districts' financial reporting for inconsistencies and errors, and help to ensure that these governments are properly accounting for and reporting their finances. Federal compliance audits examine how governments account for federal money in Arizona and help make sure this money is being used according to the rules and laws governing the federal programs.

Accountability reviews

60 reports | 12 recommendations

These reviews check to help ensure that public monies are protected and accounted for and that government entities, such as State agencies, counties, community colleges, and school districts, are following certain laws and regulations, including those related to appropriate uses and expenditure limits of public monies.

Special audits/reviews

6 reports | 28 recommendations

We conduct these reviews when specific laws require them, or when the Joint Legislative Audit Committee requests them. In 2019, these reviews included an audit of the Pinal County Attorney's and Sheriff's Offices—Anti-Racketeering Monies. We found that the former Pinal County Attorney's and Sheriff's Offices failed to consistently follow established policies, procedures, and guidelines when awarding monies to community organizations, or to ensure awarded anti-racketeering monies were always used for authorized purposes.

How we provide value



Lowering Costs

We provided a State-wide analysis of school district spending, and in our school district performance audits we made recommendations to help districts reduce costs by reviewing high salaries, staffing levels, and excess school building space. For example, we identified more than \$1.1 million in potential annual operational savings in noninstructional areas—or about \$600 per pupil—that Parker Unified School District could use for instruction. Additionally, we identified over \$300,000 in unpaid lease and utility payments that an entity owed to the Peach Springs Unified School District.



Uncovering Fraud

Our financial investigations look into allegations of fraud and misuse of public monies. For example, our investigation of the former business manager for the Western Arizona Vocational Education District resulted in her indictment for theft and fraudulent schemes and artifices. She was sentenced to 4.5 years in prison and ordered to pay approximately \$171,000 in restitution. We also investigated an allegation of financial misconduct reported to us by the Thunderbird Irrigation Water Delivery District of Pinal County No. 2 (District). Our investigation revealed that the former office administrator forged signatures on District warrants for personal purposes totaling \$278,371, which resulted in an indictment on 9 felony counts related to theft, misuse of public monies, fraudulent schemes, and forgery.



Helping Government Work Better

In addition to uncovering fraud and finding ways to save taxpayers' money, we focus on improving the way governments operate. Our performance audit of the Arizona School Facilities Board (Board) Building Renewal Grant (BRG) Fund found that school districts' BRG project delays and the Board's lack of monitoring contribute to potential health and safety risks, increased State costs, and BRG funds sitting idle for years; and that most Board members failed to fully disclose interests related to Board decisions that might influence or affect their official conduct. Finally, school districts are responsible for procuring, selecting, and contracting with vendors for BRG projects and we identified some districts that did not always comply with procurement requirements. Additionally, Board staff and/or vendor actions, as well as Board procurement policies, may have led to school district confusion regarding their procurement responsibilities, resulting in school districts not competitively procuring goods/services, decreased competition, and potentially unfavorable pricing. Our audit of the Arizona Department of Revenue—Transaction Privilege Tax (TPT) Administration and Enforcement found several areas where the Department should improve its administration of this tax, which is imposed on a seller for doing business in the State and is commonly referred to as a sales tax because it is usually passed on to the buyer. We identified that the Department should ensure that businesses have active and accurate TPT licenses to help ensure they are paying TPT; detect potential underreporting and misreporting of TPT owed and correct errors on TPT returns; enforce statutory filing requirements; correctly distribute TPT collected on behalf of cities and towns; and collaborate with cities and towns on TPT audits and collections efforts.

In addition, our Office is recognized for high-quality work. We received a Certificate of Impact award from the National Legislative Program Evaluation Society (NLPES) for our performance audit: *Arizona Department of Economic Security—Vocational Rehabilitation Services Program (Vocational Rehab Program)*. The NLPES presented us with this award for providing information to our Legislature and the public regarding impactful improvements that can result from implementing our recommendations.



High-Impact Training

Our staff, through free trainings, presentations, webinars, workshops, technical assistance, and other outreaches, provide Arizona governments with information to help them improve the value of their services to the State's citizens. We train employees of other State agencies, counties, school districts, community colleges, cities and towns, and other government entities.

Training statistics		Key training topics			
44 trainings	3,540 attendees	IT security controls	Accounting standards	Cash controls	School district chart of accounts