ARIZONA STATE LEGISLATURE

JOINT LEGISLATIVE AUDIT COMMITTEE

Minutes of the Meeting
December 6, 2023
9:00 A.M., SHR 109

Members of the public may access a livestream of the meeting here:
https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2023121000

Members Present:
Senator Sonny Borrelli, Chair 2023
Senator Eva Burch
Senator David C. Farnsworth
Senator Anthony Kern
Senator Juan Mendez

Representative Matt Gress, Chair 2024
Representative Jennifer L. Longdon
Representative Austin Smith
Representative Stephanie Stahl Hamilton

Members Excused:
Senator Warren Petersen, Ex-officio

Representative Ben Toma, Ex-officio
Representative Timothy M. Dunn

Staff:
Sawyer Bessler, Senate Assistant Research Analyst
Nathan McRae, House Research Analyst
Blanca Santillan, House Assistant Research Analyst

Chairman Borrelli called the meeting to order at 9:04 a.m. and attendance was noted.

> **Senator Borrelli stated that if there are no corrections, without objections, the Committee minutes of September 13, 2023 are approved as distributed.**

CONSIDERATION AND APPROVAL OF CHANGES TO 2022-2023 COMMITTEE OF REFERENCE (COR) ASSIGNMENTS

Lindsey Perry, Auditor General, distributed and explained a booklet entitled "Joint Legislative Audit Committee" (Attachment A, Tab 1).

> **Representative Gress moved that the Joint Legislative Audit Committee (JLAC) approve the proposed changes to the 2022-2023 Committee of Reference (COR) assignments. The motion CARRIED by voice vote.**

ARIZONA AUDITOR GENERAL'S (OFFICE) PROCESS FOR CONDUCTING THE STATE OF ARIZONA'S FINANCIAL STATEMENT AND FEDERAL COMPLIANCE AUDITS AND FISCAL YEARS 2022 AND 2023 AUDITS' STATUS

Presentation by Office

Nicole Bartlett, CPA, Statewide Audit Manager, distributed and explained a PowerPoint presentation entitled "State of Arizona financial statement and federal compliance audits Fiscal years 2022-2023" (Attachment B). Ms. Bartlett answered questions posed by the Committee.

Presentation by Arizona Governor's Office

Catcher Baden, Deputy Director of Legislative Affairs, Arizona Governor's Office, explained a presentation on how accurate and timely reports are important and answered questions posed by the Committee.

Presentation by Arizona Department of Administration

Elizabeth Alvarado-Thorson, Cabinet Executive Officer, Executive Deputy Director, Arizona Department of Administration, distributed and explained a PowerPoint presentation entitled "Joint Legislative Audit Committee Presentation 12-6-23" (Attachment C) and answered questions posed by the Committee.

Ashley Retsinas, Assistant Director of Business and Finance, continued with the PowerPoint presentation (Attachment C) and answered questions posed by the Committee.

Lindsey Perry, Auditor General, answered questions posed by the Committee.

Ms. Alvarado answered additional questions posed by the Committee.

Presentation by Arizona Department of Economic Security

Angie Rodgers, Cabinet Executive Officer, Arizona Department of Economic Security, distributed and explained a PowerPoint presentation entitled "Joint Legislative Audit Committee" (Attachment D) and answered questions posed by the Committee.

Lindsey Perry, Auditor General, answered questions posed by the Committee.

Ms. Rodgers answered additional questions posed by the Committee.

Presentation by Arizona Health Care Cost Containment System

Carmen Heredia, Cabinet Executive Officer, Executive Deputy Director, Arizona Health Care Cost Containment System (AHCCCS), distributed and explained a PowerPoint presentation entitled "Joint Legislative Audit Committee Hearing" (Attachment E) and answered questions posed by the Committee.

Lindsey Perry, Auditor General, offered comments.

The Committee offered comments.

CONSIDERATIONS OF REQUEST FOR SERIES OF SPECIAL AUDITS OF ARIZONA SCHOOL DISTRICTS' AND CHARTER SCHOOLS' EMERGENCY RESPONSE PRACTICES AND SCHOOL SAFETY PROGRAM AND INTEROPERABILITY FUND

Lindsey Perry, Auditor General, explained Tab 3 of the booklet entitled "Joint Legislative Audit Committee" (Attachment A, Tab 3) and answered questions posed by the Committee.

The Committee offered comments.

Ms. Perry answered additional questions posed by the Committee.

The Committee offered additional comments.

Ms. Perry answered additional questions posed by the Committee.

The Committee offered comments.

> **Representative Gress moved that the Auditor General is authorized to conduct a series of special audits to focus on an evaluation of a sample of schools districts' and charter schools' emergency response practices and plans, including those required by A.R.S. § 15-341 (31), to determine whether they meet minimum standards developed jointly by the Arizona Department of Education and the Arizona Department of Emergency and Management Affairs, school emergency response recommended practices, and other state practices. An evaluation of a sample of counties, cities, and towns that received monies from the school safety interoperability fund for school programs, including the process to acquire a multimedia data communications system and provide a communications solution environment that meets statutory requirements for each county sheriff's office or city or town police department, including each county sheriff's office's or city or town police department's compliance with applicable procurement requirements. A review of monies expended from the school safety interoperability fund by county sheriff's offices, city and town police**

departments, the State Treasurer, and Department of Administration, including whether the expenditures were for statutorily authorized purposes. An evaluation of a sample of school districts' and charter schools' key physical safety infrastructure and multimedia data communications systems, and whether the infrastructure and systems are aligned with statutory requirements, recommended standards, and other state practices. Other special audit topics relating to school emergency response and preparedness as deemed appropriate by the Auditor General and as approved by the Joint Legislative Audit Committee (JLAC). The Auditor General will commence work on the first special audit in early 2024 and submit a public report to the Governor, the President of the Senate, the Speaker of the House of Representatives, Joint Legislative Audit Committee, House Committee on Military Affairs and Public Safety, and Senate Committee on Military Affairs, Public Safety and Border Security on or before December 31, 2024, and on or before December 31 annually thereafter until the series of audits is completed. The Auditor General may engage independent consultants, as the Auditor General deems necessary, to conduct the special audits. Consistent with Generally Accepted Government Auditing Standards, Chapter 9, circumstances associated with public safety, privacy, or security concerns could justify the exclusion of certain information from a publicly distributed report. In such circumstances, the Auditor General may issue a limited use report containing such information and distribute the report only to those parties responsible for acting on the Auditor General's recommendations, including to the JLAC and to any designated representative approved by JLAC. The limited use report can be discussed in executive session under A.R.S. § 38-431.03(8),(9). The Arizona Department of Education, Arizona State Treasurer, Arizona Department of Emergency and Management Affairs, Arizona Department of Administration, Arizona Department of Public Safety, Arizona school districts, Arizona charter schools and charter school operators, and Arizona counties, cities and towns and their respective law enforcement departments or agencies shall provide the Auditor General or the Auditor General's authorized representatives access to all employees and records, as defined in A.R.S. § 41-1279.04, that the Auditor General deems necessary to conduct the series of special audits. The motion CARRIED with a roll call vote of 8-1-3 (Attachment 1).

Representative Longdon and Senator Burch explained their votes.

PRESENTATION OF FISCAL YEARS 2025-2026 SCHOOL DISTRICT PERFORMANCE AUDIT SCHEDULE

Lindsey Perry, Auditor General, explained Tab 4 of the booklet entitled "Joint Legislative Audit Committee" (Attachment A, Tab 4).

ARIZONA DEPARTMENT OF GAMING PERFORMANCE AUDIT AND SUNSET REVIEW, AUGUST 2018 REPORT AND 30-MONTH FOLLOW-UP REPORT

Presentation by Office

Jeff Gove, Auditor General's Office, distributed and explained a PowerPoint presentation entitled "Performance Audit and Sunset Review, Issued August 2018" (Attachment F).

Presentation by Arizona Department of Gaming

Jackie Johnson, Executive Deputy Director and Cabinet Executive Officer, Arizona Department of Gaming, gave an overview on the Arizona Department of Gaming Sunset Review and answered questions posed by the Committee.

The Committee offered comments.

There being no further business, the meeting was adjourned at 11:22 a.m.

Respectfully submitted,

Brisa Roman
Committee Secretary

(Audio recordings and attachments are on file in the Secretary of the Senate's Office/Resource Center, Room 115. Audio archives are available at http://www.azleg.gov)