

ARIZONA STATE LEGISLATURE  
Forty-seventh Legislature – Second Regular Session

**JOINT LEGISLATIVE AUDIT COMMITTEE**

Minutes of Meeting  
Thursday, October 5, 2006  
House Hearing 1 -- 2:00 p.m.

Chairman Knaperek called the meeting to order at 2:11 p.m. and roll call was taken by the secretary.

**Members Present**

Senator Ableser	Representative Boone
Senator Huppenthal	Representative Rios
Senator Miranda	Representative Knaperek, Chairman
Senator Blendu, Vice-Chairman	

**Members Absent**

Senator Allen (excused)	Representative Downing
Senator Bennett (Ex-Officio)	Representative Yarbrough
	Representative Jim Weiers (Ex-Officio)

**Speakers Present**

Steve Moortel, Majority Research Analyst, Government Reform & Government Finance  
Accountability Committee  
Melanie Chesney, Director, Performance Audit Division, Office of the Auditor General  
Kim Hildebrand, Office of the Auditor General  
Sharron Walker, Director, Division of School Audits, Office of the Auditor General

**Approval of Minutes of May 22, 2006 Meeting**

**Vice-Chairman Blendu moved that the minutes of the May 22, 2006 JLAC meeting be approved as written. The motion carried.**

**Assignment of Sunrise Reports to Committees of Reference**

Steve Moortel, Majority Research Analyst, Government Reform & Government Finance Accountability Committee, related that three sunrises were submitted for recommendation: The Arizona Alliance of Non-Physician Surgical Assistants; creating an auxiliary position within the Arizona Dental Association; and the Arizona Optometric Association. The Speaker and President recommended assignment to the Health Committees of Reference in both houses.

**Vice-Chairman Blendu moved that JLAC approve the sunrise recommendations as staff presented. The motion carried.**

**Consideration of Performance Audit Schedule for 2008/2009**

Melanie Chesney, Director, Performance Audit Division, Office of the Auditor General, requested approval for the 2008/2009 Proposed Audit Schedule (Attachment 1), which includes statutorily mandated audits, recommended sunset audits to be conducted by the Office of the Auditor General, recommended sunset audits to be conducted by Committee of Reference (COR) staff, and room to accommodate two future audit requests from the Legislature or JLAC. She agreed with Senator Blendu that no funding is provided for two future audit requests.

**Vice-Chairman Blendu moved that JLAC approve the 2008/2009 performance audit schedule as proposed by the Office of the Auditor General (Attachment 1). The motion carried.**

**Consideration and Approval of Committee of Reference Assignments for the 2007 Sunset Cycle and the 2007 Non-Sunset Audits**

Kim Hildebrand, Office of the Auditor General, provided a list of 2007 Performance Audits President and Speaker Recommendations for Committee of Reference (COR) Assignments (Attachment 2), indicating that JLAC can approve the list or reassign new CORs.

**Vice-Chairman Blendu moved that JLAC approve the COR assignments for the 2007 sunset cycle and the 2007 non-sunset audits as recommended by the Office of the Auditor General with the exception of the Arizona Outdoor Recreation Coordinating Commission. The motion carried.**

**Consideration and Approval of Reassignment of Arizona Outdoor Recreation Coordinating Commission to a Committee of Reference**

Ms. Hildebrand stated that in May 2005, JLAC assigned the Arizona Outdoor Recreation Coordinating Commission to a COR; however, the COR was not able to get a quorum so no hearing was held. In the 2006 Legislative Session, the Legislature gave the agency a one-year continuation. She requested that JLAC reassign the agency to a COR so a hearing can be held.

**Vice-Chairman Blendu moved that JLAC reassign the Arizona Outdoor Recreation Coordinating Commission to the House Government Reform & Government Finance Accountability Committee of Reference and the Senate Natural Resources & Rural Affairs Committee of Reference. The motion carried.**

**Presentation and Status Update of School-Wide Audit Team Schedule for 2007**

Sharron Walker, Director, Division of School Audits, Office of the Auditor General, advised that statute requires the Office of the Auditor General to conduct performance audits of randomly selected school districts, subject to review by JLAC, and monitor the percentage each school district spends in the classroom. She provided the 2007 School District Audit Schedule and the current status of the 2006 School District Audit Schedule (Attachment 3). The performance audits currently involve review of district operations, and beginning with the 2007 audit schedule, a review of compliance with the new English Language Learner (ELL) requirement for selected school districts that receive monies from the Structured English Immersion Fund or the Statewide Compensatory Instruction Fund. In order to comply with additional statutory requirements to conduct a financial audit of the school districts monitored by the Arizona Department of Education (ADE) for ELL compliance, this year's schedule will also include a report on ELL funding, which is anticipated to be issued in May 2007. This year's schedule also includes an audit of the Technology Assisted Project Based Instruction (TAPBI) program, which is due by November 1, 2007. The annual *Dollars Spent in the Classroom* report will be issued by March 2007. No action is required by JLAC.

Mr. Rios asked if, in relation to the ELL compliance requirement, the intent is to ensure that students enrolled in ELL classes need the classes or are becoming proficient in English. Ms. Walker answered that H.B. 2064, English language learners (Chapter 4, Laws of 2006), requires a biennial evaluation audit based on performance outcome measures, such as the different types of programs the task force adopts and which models, if any, work better than others. Since the law just became effective, that requirement will not be due for a few years.

#### **Presentation of DES Child Protective Services Audit Schedule for 2006-2008**

Melanie Chesney, Director, Performance Audit Division, Office of the Auditor General, related that during the 2003 Second Special Session the Legislature created a three-person audit team to provide ongoing performance reviews and analyses of Child Protective Services (CPS). Effective July 1, 2004, the Legislature provided funding for the audit team, which has nearly completed its first cycle of work and issued three audit reports and three information briefs. The audits address more complex issues and include recommendations while the newly created information brief centers on a narrowly focused issue and does not include recommendations. Statute requires the Office of the Auditor General to adopt an audit plan for the CPS team during 2006-2008, subject to JLAC review (Attachment 4). No action is required by JLAC.

Senator Blendu stated that in 1995, CPS was the biggest problem the state had, and he is not sure the situation has improved. He asked if an audit was conducted to determine if CPS should be returned to the counties, perhaps with state overview, which might produce better results rather than the state making good, and sometimes, bad decisions. Ms. Chesney responded that she is not aware of a study being conducted in the state, and the Office of the Auditor General has not conducted such a study. Chairman Knaperek noted that she and several legislators worked on CPS in the late 1990s, which involved about 60 people and six subcommittees. The report is at Legislative Council.

Without objection, the meeting adjourned at 2:30 p.m.

---

Linda Taylor, Committee Secretary  
October 10, 2006

(Original minutes, attachments, and tape are on file in the Office of the Chief Clerk.)

JOINT LEGISLATIVE AUDIT COMMITTEE

October 5, 2006