STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

April 26, 2006

The Honorable Laura Knaperek, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

Our Office has recently completed an 18-month followup of the Arizona Department of Environmental Quality—Waste Programs Division regarding the implementation status of the 9 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in August 2004 (Auditor General Report No. 04-06). As the attached grid indicates:

- 4 have been implemented;
- 4 are in the process of being implemented; and
- 1 is no longer applicable.

Our Office will continue to follow up at 6-month intervals with the Department on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Debbie Davenport
Auditor General

DD:Acm
Attachment

cc: Stephen A. Owens, Director
Department of Environmental Quality

2910 NORTH 44th STREET • SUITE 410 • PHOENIX, ARIZONA 85018 • (602) 553-0333 • FAX (602) 553-0051

DEPARTMENT OF ENVIRONMENTAL QUALITY
Waste Programs Division
18-Month Follow-Up Report To
Auditor General Report No. 04-06

FINDING 1: Changes made to the State Assurance Fund, and Department should take additional actions

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The Department should continue to work on increasing compliance with financial assurance requirements, including pursuing formal enforcement actions such as consent orders and compliance orders, as necessary.	**Implemented at 6 Months**	
2. The Department should assess the cleanup costs charged to the State Assurance Fund to see if cost ceilings are being treated as the actual price of cleanup costs rather than as an upper limit for costs.	Implementation in Process	
3. If contractors are routinely charging at the cost ceilings for certain cleanup activities, the Department should consider revising cost ceilings to better reflect the true cost of cleanup work.	Implementation in Process	
4. If the Department performs a cost survey to create the cost ceilings that will be effective beginning in July 2005, it should use an appropriate methodology and not allow respondents to answer questions that do not pertain to their occupation.	Not Applicable[1]	

[1] The Department decided not to perform a cost survey before creating its July 1, 2005, cost schedule. The Department believes that changes to the July 1, 2005, cost schedule that replaced some unit rates with a reimbursement schedule based on time and materials used will help to reduce costs to the State Assurance Fund incurred by consultants. The Department believes that these costs will be further reduced by the requirement of Laws 2004, Ch. 273 that volunteers must, under certain circumstances, pay 10 percent of the cleanup costs.

DEPARTMENT OF ENVIRONMENTAL QUALITY
Waste Programs Division
18-Month Follow-Up Report To
Auditor General Report No. 04-06

FINDING 1: Changes made to the State Assurance Fund, and Department should take additional actions (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
5. The Department should examine the feasibility of instituting competitive bidding as a method of controlling State Assurance Fund costs.	Implementation in Process	

DEPARTMENT OF ENVIRONMENTAL QUALITY
Waste Programs Division
18-Month Follow-Up Report To
Auditor General Report No. 04-06

FINDING 2: Division should improve its hazardous waste enforcement efforts

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. To more quickly notify responsible parties about violations identified during inspections, the Division should explore ways to streamline its review and approval process for enforcement actions.	**Implemented at 12 Months**	
2. The Division should consider setting in policy specific time frames for each step in the enforcement action review and approval process.	**Implemented at 12 Months**	
3. The Division should modify its computer system to allow for the generation of a management report to track the status of enforcement actions that are in the review process, and should use this report to monitor the timeliness of issuing these enforcement actions.	Implementation in Process	
4. The Division should modify its computer system to allow for the generation of a management report to track the status of enforcement actions that are in the review process, and should use this report to monitor the timeliness of issuing these enforcement actions.	**Implemented at 6 Months**	