

AUDITOR GENERAL REPLY TO AGENCY RESPONSE

The following auditor comments are provided to address certain statements made by the School Facilities Board related to Finding 1, Recommendation 1:

- The Auditor General disagrees that implementing this recommendation would be extraordinary and repetitive (see page 1 of the response). The Attorney General's 2004 opinion addressed whether the inflation adjustment authorized by A.R.S. §15-2041 could be used after a project was approved. The opinion found that the inflationary increase, according to the statute, is the annual adjustment for market conditions based on an index identified or developed by JLBC. The additional awards discussed on page 22 of the report are not based on the annual JLBC adjustment, but are calculated to pay for certain design features. Although SFB believes these additional awards are necessary to compensate for rising costs, they appear to go beyond the JLBC inflation adjustment identified in the 2004 opinion.