



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

September 30, 2013

The Honorable Chester Crandell, Chair
Joint Legislative Audit Committee

The Honorable John Allen, Vice Chair
Joint Legislative Audit Committee

Dear Senator Crandell and Representative Allen:

Our Office has recently completed a 24-month followup of the Arizona Department of Veterans' Services and the Arizona Veterans' Service Advisory Commission—Sunset Factors regarding the implementation status of the 5 audit recommendations presented in the performance audit report released in September 2011 (Auditor General Report No. 11-10). As the attached grid indicates:

- 3 have been implemented, and
- 2 are not applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Commission's efforts to implement the recommendations from the September 2011 performance audit report.

Sincerely,

Dale Chapman, Director
Performance Audit Division

DC:ss
Attachment

cc: Ted Vogt, Director
Arizona Department of Veterans' Services

**Department of Veterans' Services and the Arizona Veterans' Service
Advisory Commission—Sunset Factors
Auditor General Report No. 11-10
24-Month Follow-Up Report**

Recommendation

Status/Additional Explanation

Department Sunset Factor 2: The extent to which the Department has met its statutory objective and purpose and the efficiency with which it has operated.

1.1 The Department should better monitor its benefits counselors and the community organizations it contracts with that also provide benefits counseling. Specifically, the Department should:

a. Regularly review benefits-counselor activities by following its procedures for conducting audits of its benefits-counseling offices, and ensure that the offices address any deficiencies identified; and

Implemented at 6 months

b. Improve contractor oversight. Specifically, if the Department decides to continue contracting for benefits-counseling services, it should establish financial reporting requirements as required by contract, and ensure that the contracted organizations provide the financial information the contracts require.

Implemented at 24 months

Department Sunset Factor 4: The extent to which rules adopted by the Department are consistent with the legislative mandate.

1.2 If the Department takes certain actions allowed by statute, it will need to develop rules to govern those actions.

a. For example, the Department provides training for department and community benefits counselors such as how to file veterans' benefits claims with the VA. If the Department establishes a fee for its training center's services as allowed by A.R.S. §41-603, the Department will need to establish relevant rules.

Not applicable

As of September 2013, the Department reported that it has no plans to institute fees for benefits-counselor training. Therefore, this recommendation does not apply.

b. In addition, if the Department develops additional criteria for approving veterans' education and training programs beyond the criteria in federal regulations, as it plans to do, it will need to develop rules for those criteria.

Not applicable

As of September 2013, the Department reported that it has no plans to develop additional criteria. Therefore, this recommendation does not apply.

Department Sunset Factor 9: The extent to which changes are necessary in the laws of the Department to adequately comply with the factors listed in the sunset law.

1.3 The Legislature should consider changing the Department's governing statutes to eliminate the requirement to approve veterans' organizations. Because the Department could not establish meaningful criteria for approving or disapproving organizations, as required by A.R.S. §603 (B) (10), and because laws governing solicitation of donations already exist, the Legislature should consider removing this requirement from statute.

Implemented at 6 months

The Legislature revised the Department's governing statutes to remove the Department's requirement to approve veterans' organizations that solicit donations on behalf of veterans. Instead, Laws 2012, Ch. 22, requires organizations that solicit donations on behalf of veterans to be registered with the Secretary of State.