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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

January 23, 2015

The Honorable Judy Burges, Chair
Joint Legislative Audit Committee

The Honorable John Allen, Vice Chair
Joint Legislative Audit Committee

Dear Senator Burges and Representative Allen:

Our Office has recently completed an 18-month followup of the Arizona Board of Appraisal regarding the implementation status of the 14 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in April 2013 (Auditor General Report No. 13-02). As the attached grid indicates:

- 11 have been implemented;
- 2 have been partially implemented; and
- 1 is in the process of being implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Board's efforts to implement the recommendations from the April 2013 performance audit report.

Sincerely,

Dale Chapman, Director
Performance Audit Division

DC:ss
Attachment

cc: Debra J. Rudd, Executive Director
Arizona Board of Appraisal

Mike Petrus, Chair
Arizona Board of Appraisal

Arizona Board of Appraisal

Auditor General Report No. 13-02

18-Month Follow-Up Report

Recommendation

Status/Additional Explanation

Finding 1: Board should improve complaint resolution process

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| <p>1.1 In conjunction with piloting its revised initial review procedures, the Board should develop and implement policies and procedures to investigate complaints and distribute investigative reports to board members prior to their initial review. The investigative report should (1) summarize each complaint allegation; (2) summarize any findings of fact or violations related to each allegation; and (3) recommend appropriate action, such as dismissing the complaint or taking non-disciplinary or disciplinary action.</p> | <p>Partially implemented at 12 months The Board has implemented policies and procedures for ensuring that it completes investigations and distributes investigative reports to board members prior to the Board's initial review. However, the Board does not require the investigative report to recommend board action because the Board considers this to be the board members' responsibility and not the investigator's.</p> |
| <p>1.2 To help improve its complaint resolution timeliness, the Board should develop and implement written policies and procedures to ensure that:</p> <ul style="list-style-type: none"> a. Contract investigations are completed in a timely manner and are of sufficient quality; b. Nondisciplinary letters and consent agreements are executed in a timely manner; and c. Complaints are monitored throughout the resolution process to help ensure that they are resolved within 12 months and that board staff are proactively moving complaints through the resolution process. | <p>Implemented at 12 months</p> <p>Implemented at 12 months</p> <p>Implemented at 12 months</p> |
| <p>1.3 The Board should comply with its rules and ensure that nondisciplinary or disciplinary action is taken against appraisers who are found to have violated board statutes or rules.</p> | <p>Implemented at 12 months</p> |

Finding 2: Board should ensure compliance with statutory requirements for AMCs

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| <p>2.1 If the Legislature revises statute to authorize the Board to receive criminal history reports for AMC applicants, the Board should:</p> <ul style="list-style-type: none"> a. Require new applicants for AMC registration to submit to background investigations, and b. Require existing AMC registrants to submit to background investigations at the time of their next renewal. | <p>Implemented at 12 months</p> <p>Implemented at 12 months</p> |
|--|---|

| Recommendation | Status/Additional Explanation |
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| <p>2.2 The Board should finalize its AMC registration rules with the Secretary of State.</p> | <p>Implementation in process The Board filed its proposed rule changes with the Governor's Regulatory Review Council (GRRC) in November 2014, and the rule changes were scheduled for review at the GRRC's January 2015 meeting. However, the GRRC postponed any action pending a review of Executive Order 2015-01 that establishes a moratorium on rule making.</p> |
| <p>2.3 The Board should implement procedures for obtaining annual certifications regarding their appraisal services from AMCs that have renewed their registrations as required by statute.</p> | <p>Implemented at 12 months</p> |
| <p>Finding 3: Board should provide timely and complete complaint and disciplinary information</p> | |
| <p>3.1 The Board should improve the timeliness and completeness of the information it provides to the public by:</p> <ul style="list-style-type: none"> a. Developing and implementing written policies and procedures that allow for information to be provided over the phone and identify what types of complaint and disciplinary information should be provided to the public and what should remain confidential. The new policies and procedures should also ensure that additional staff can provide complete complaint and disciplinary information over the phone if the regulatory compliance officer is not in the office. b. Training all staff on the new policies and procedures. | <p>Implemented at 12 months</p> <p>Implemented at 12 months</p> |
| <p>3.2 Once the Board's new database is implemented, the Board should use the database to provide information to the public in accordance with state law.</p> | <p>Partially implemented at 18 months Although the Board reported that the database is nearly implemented, it has taken steps to provide more information to the public by posting disciplinary actions taken against licensees on its Web site.</p> |
| <p>Finding 4: Board should ensure it continues to comply with open meeting law</p> | |
| <p>4.1 The Board should develop and implement policies and procedures to ensure compliance with all aspects of the State's open meeting law.</p> | <p>Implemented at 12 months</p> |
| <p>4.2 The Board should ensure all staff are fully trained on how to comply with all aspects of the State's open meeting law.</p> | <p>Implemented at 12 months</p> |