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September 11, 2019

The Honorable Rick Gray, Chair
Joint Legislative Audit Committee

The Honorable Anthony Kern, Vice Chair
Joint Legislative Audit Committee

Dear Senator Gray and Representative Kern:

We have recently completed a 12-month followup of the Arizona Department of Environmental Quality (Department) regarding the implementation status of the 5 audit recommendations presented in our procedural review report on internal controls in effect as of May 31, 2018, released in June 2018 (Auditor General Report 18-302). As the attached grid indicates, all the recommendations have been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Department's efforts to implement the recommendations from the June 2018 procedural review.

Sincerely,

Donna Miller, CPA
Director, Financial Audit Division

cc: Misael Cabrera, Director
Arizona Department of Environmental Quality

Arizona Department of Environmental Quality

Auditor General Report 18-302

12-Month Follow-Up Report

Recommendation

Status/Additional Explanation

Finding 1: Department should improve controls over employees' personnel documentation

The Department should ensure that all payroll records are completed and retained for the necessary time to ensure compliance with the Arizona State Library, Archives and Public Records retention schedule. The Department should review its current personnel files and update its records for any missing documentation.

Implemented at 12 months

Finding 2: Department should establish policies and procedures to ensure monies are spent from proper funds

The Department should:

- Perform a detailed review of its expenditure transactions and approval process to ensure monies are spent from the correct fund and with the proper resources. Expenditures paid out of the emissions inspection fund should be in accordance with A.R.S. §49-254(B).
- Review expenditures made during the review period (July 1, 2017 through February 28, 2018) and reimburse the emissions inspection fund for any unallowable expenditures.

Implemented at 12 months

Implemented at 12 months

Finding 3: Department should update and maintain a current and accurate list of all capital assets

The Department should:

- Perform an annual inventory to ensure all capital assets are accounted for in its records and missing assets are investigated and eliminated from the records.
- Ensure surplus assets are properly removed from the capital asset list in a timely manner.

Implemented at 12 months

Implemented at 12 months