



GOVERNOR **KATIE HOBBS**

DIRECTOR **JACKIE JOHNSON**  
RACING DIVISION DIRECTOR **JACKIE JOHNSON**

September 3, 2025

SENT VIA EMAIL

Ms. Lindsey Perry, Auditor General  
State of Arizona Office of the Auditor General  
2910 N. 44th Street, Suite 410  
Phoenix AZ 85018


Re: Response to the 2025 Performance Audit and Sunset Review of the Arizona Racing Commission

Dear Ms. Perry:

The Arizona Department of Gaming ("Department") and Arizona Racing Commission ("Commission") appreciate the opportunity to respond to the recommendations and findings of the performance audit and sunset review performed by the Office of the Auditor General. Below, please find the Department's response to the audit findings.

The Department and Commission appreciate the input and recommendations provided by the Office of the Auditor General and are committed to implementing them in a timely and effective manner. As the body responsible for regulating horse racing in Arizona, the Commission is confident that this audit will help strengthen oversight to ensure the safety of all human and equine participants, the integrity of racing, and public trust in the industry. On behalf of the Department, thank you and your staff for your diligence and thoroughness in conducting this review.

Sincerely,

DocuSigned by:  
  
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Jackie Johnson  
Director, Arizona Department of Gaming  
Director, Division of Racing

Enclosure

## Recommendations to the Racing Commission

**Finding 3:** Department, Racing Commission, and Boxing and MMA Commission did not comply with some State conflict-of-interest requirements, increasing risk that employees and commission members had not disclosed substantial interests that might influence or could affect their official conduct

Racing Commission response: The Auditor General's finding is agreed to.

Response explanation: The Department agrees with the auditors' findings that some of the state's requirements related to conflicts-of-interest were not fully complied with and has already taken actions to remedy as detailed in the below recommendation responses.

Continue to develop and implement conflict-of-interest policies and procedures to help ensure compliance with State conflict-of-interest requirements and alignment with recommended practices, including:

**Recommendation 1:** Requiring commissioners to complete a conflict-of-interest disclosure form upon appointment that addresses all State and commission-specific conflict-of-interest requirements, and reminding them at least annually to update their form when their circumstances change, including attesting that no conflicts exist, if applicable.

Racing Commission response: The audit recommendation will be implemented.

Response explanation: As of July 2025, the Department has a draft Conflict of Interest Policy and an Employee Conflicts Disclosure form, modeled after the Arizona Department of Administration's policy. The Department has also drafted Commission-specific disclosure forms for the Boxing & MMA and Racing Commissions, which contain specific disclosures required by the statutes and rules governing those specific divisions of the Department. These forms will soon be finalized and distributed to staff and Commissioners to complete. Conflict-of-interest disclosure forms will be updated by staff and Commissioners annually, upon hire or appointment, when circumstances change, and when forms and policies are revised. Additionally, the Department conducted a Department-wide Conflicts of Interest Training on March 14, 2025, which was recorded and sent via email to all agency employees. On June 11, 2025, the Department held another training for all Department employees covering Procurement Ethics and required Conflict of Interest disclosures. Training will be provided on an annual basis, and employees and Commissioners will be required to sign an attestation form confirming that they have attended or reviewed the Conflict of Interest training.

**Recommendation 2:** Requiring commissioners to fully disclose conflicts-of-interest during public meetings, such as describing the individuals and/or entities involved.

Racing Commission response: The audit recommendation will be implemented.

Response explanation: As part of the Conflicts of Interest training, Commissioners will be reminded annually of the requirement to fully disclose conflicts of interest

during public meetings and describing the individuals/entities involved. To the extent that Commissioners are able to disclose specifics about their conflict of interest they will; however, where disclosure of the specific individuals, entity, or subject matter is prohibited by law, the Commissioners will provide general descriptions.

**Recommendation 3:** Storing all substantial interest disclosures in a special file available for public inspection, including disclosures made during public meetings.

Racing Commission response: The audit recommendation will be implemented.

Response explanation: The Department had all employees complete the ADOA Disclosure Form earlier this year and is requiring new employees to complete the ADOA Disclosure form when they are hired. These forms are collected by Human Resources and stored in a separate conflicts of interest file. The Department plans on following this same system with the newly created Department-specific disclosure form and the Commission-specific disclosure forms, except Commission-specific disclosure forms will be held by the respective Division associated with each Commission in a separate conflicts of interest file.

**Recommendation 4:** Establishing a process to review and remediate disclosed conflicts.

Racing Commission response: The audit recommendation will be implemented.

Response explanation: The Department has already established a process to review and remediate disclosed conflicts. Upon review of the disclosure form, Human Resources will escalate any conflicts to the Legal Team for review. The Legal Team will then advise the employee, their supervisor, and necessary executive-level staff on how to best manage the conflict, including procedures for walling the employee off from the conflict if necessary.

**Recommendation 5:** Develop and provide periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to commissioners on how the State's and commission-specific conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

Racing Commission response: The audit recommendation will be implemented.

Response explanation: The Department has developed and conducted the Department-wide conflicts of interest training on March 14, 2025 and will continue to conduct this training annually. The Department also conducted a procurement ethics training on June 11, 2025 which reinforced the general state-wide conflicts of interest statutes, as well as focusing on specific conflicts issues in the area of procurement. Training will be provided on an annual basis, and employees and Commissioners will be required to acknowledge receiving training.

**Sunset factor 5:** The extent to which the Racing Commission has provided appropriate public access to records, meetings, and rulemakings, including soliciting public input in making rules and decisions.

Racing Commission complied with Arizona's public records law but could better align its practices with recommended practices.

Racing Commission response: The Auditor General's finding is agreed to.

Response explanation: The Department agrees with the auditors' findings and the Racing Commission will better align its practices with recommended practices with regard to public access.

**Recommendation 6:** Update and implement its policies and procedures to require staff to provide a written notice explaining to requestors the reason(s) for any delay(s) in fulfilling a public records request.

Racing Commission response: The audit recommendation will be implemented.

Response explanation: The Department has implemented the recommendation and has updated its public records policies and procedures to require staff to provide a written notice explaining to requestors the reason for any delay in fulfilling a public records request. If a request is anticipated to take longer than 30 days, written notices will be sent to requestors within the initial 30-day period, explaining the reason for the delay (e.g., requested material contained confidential information requiring redaction) and the anticipated timeframe for completion.