

Performance Audit

Arizona Department of Economic Security Contract Oversight of Area Agencies on Aging

Department did not conduct on-site monitoring reviews every 3 years for 5 of 8 Area Agencies on Aging consistent with its State Plan to determine contract compliance, thereby not helping to ensure client well-being and appropriate use of public monies



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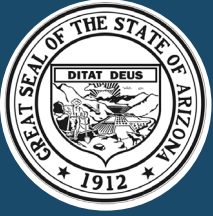
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September 30, 2025

Members of the Arizona Legislature

The Honorable Katie Hobbs, Governor

Director Wisehart
Arizona Department of Economic Security

Transmitted herewith is the Auditor General's report, *A Performance Audit of the Arizona Department of Economic Security—Contract Oversight of Area Agencies on Aging*. This report is in response to a November 21, 2022, resolution of the Joint Legislative Audit Committee. The performance audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in its response, the Arizona Department of Economic Security agrees with the finding and plans to implement all the recommendations. My Office will follow up with the Department in 6 months to assess their progress in implementing the recommendations. I express my appreciation to Director Wisehart and Department staff for their cooperation and assistance throughout the audit.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

Arizona Department of Economic Security

Performance Audit—Contract Oversight of Area Agencies on Aging

Department did not conduct on-site monitoring reviews every 3 years for 5 of 8 Area Agencies on Aging consistent with its State Plan to determine contract compliance, thereby not helping to ensure client well-being and appropriate use of public monies

Audit purpose

To determine whether the Department provided sufficient oversight of Arizona's 8 Area Agencies on Aging (AAAs) consistent with the Department's State Plan.¹

Key findings

- ▶ Pursuant to the federal Older Americans Act, the Department is responsible for developing a multiyear State plan on aging (State Plan) and pursuant to the State Plan, contracts with and provides federal and State monies to 8 AAAs located throughout the State to provide services to older Arizonans, such as home-delivered meals and respite care.
- ▶ The Department established some mechanisms to oversee the AAAs, such as periodically meeting with the AAAs and tracking the number of clients served.
- ▶ Inconsistent with the State Plan, the Department had not conducted on-site monitoring reviews every 3 years for 5 of 8 AAAs, and these 5 reviews were between 3 months and 3 years 5 months overdue as of August 2025.
- ▶ By not conducting timely on-site monitoring reviews of some AAAs, the Department has not determined contract compliance in a timely manner, which does not help ensure client well-being and appropriate use of public monies. For example, previous monitoring reviews identified a AAA staff member who was not screened for tuberculosis as contractually required and a AAA that authorized an ineligible individual to receive services.

Key recommendations to the Department

- ▶ Conduct on-site monitoring reviews of each AAA every 3 years consistent with the State Plan.
- ▶ Ensure the monitoring reviews of the 5 AAAs that are overdue are conducted in order of most overdue to least overdue as planned.

¹ The Arizona Auditor General conducted this performance audit and sunset review of the Department pursuant to a November 21, 2022, resolution of the Joint Legislative Audit Committee. This audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq.

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- ▶ Department's State Plan indicates it will conduct on-site monitoring reviews of each AAA every 3 years
- ▶ As of August 2025, Department's on-site monitoring reviews for 5 of 8 AAAs were overdue by 3 months to 3 years and 5 months
- ▶ By not conducting timely on-site monitoring reviews of some AAAs, Department has not determined contract compliance in a timely manner, which does not help ensure client well-being and appropriate use of public monies

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INTRODUCTION

The Arizona Auditor General has released the third in a series of 4 audit reports of the Arizona Department of Economic Security (Department) as part of the Department's sunset review.¹ This performance audit assessed whether the Department provided sufficient oversight of Arizona's 8 Area Agencies on Aging (AAAs) consistent with the Department's State Plan.²

Department, as allowed by the Older Americans Act, has contracted with 8 AAAs to provide services, such as home-delivered meals and respite care, to older Arizonans

The federal Older Americans Act (Act) was first enacted in 1965, and in part, the Act provides authority for the federal government to provide grant funding to states to deliver a variety of social and nutrition services for older adults, such as personal care, chore services, transportation, and home-delivered meals. To receive grant funding, each state must designate a single state agency that is the State Unit on Aging. The Department is Arizona's designated State Unit on Aging.

As the State Unit on Aging, the Department is responsible for:

- ▶ Developing and administering a multiyear State plan that outlines the State's goals and objectives and provides assurances under the Act.
- ▶ Dividing the State into distinct planning and service areas after considering factors such as the geographical distribution of older individuals in the State and the distribution of older individuals who have the greatest economic and social need residing in such areas. The Department has divided Arizona into 8 regions.
- ▶ Designating for each planning and service area a public or private nonprofit agency or organization as the AAA.

In fiscal year 2025, the Department had contracted with 8 AAAs to serve all 15 counties in the State and the tribal communities as illustrated on Figure 1, page 2. AAAs plan and coordinate services at the local level.

Specifically, the AAAs:

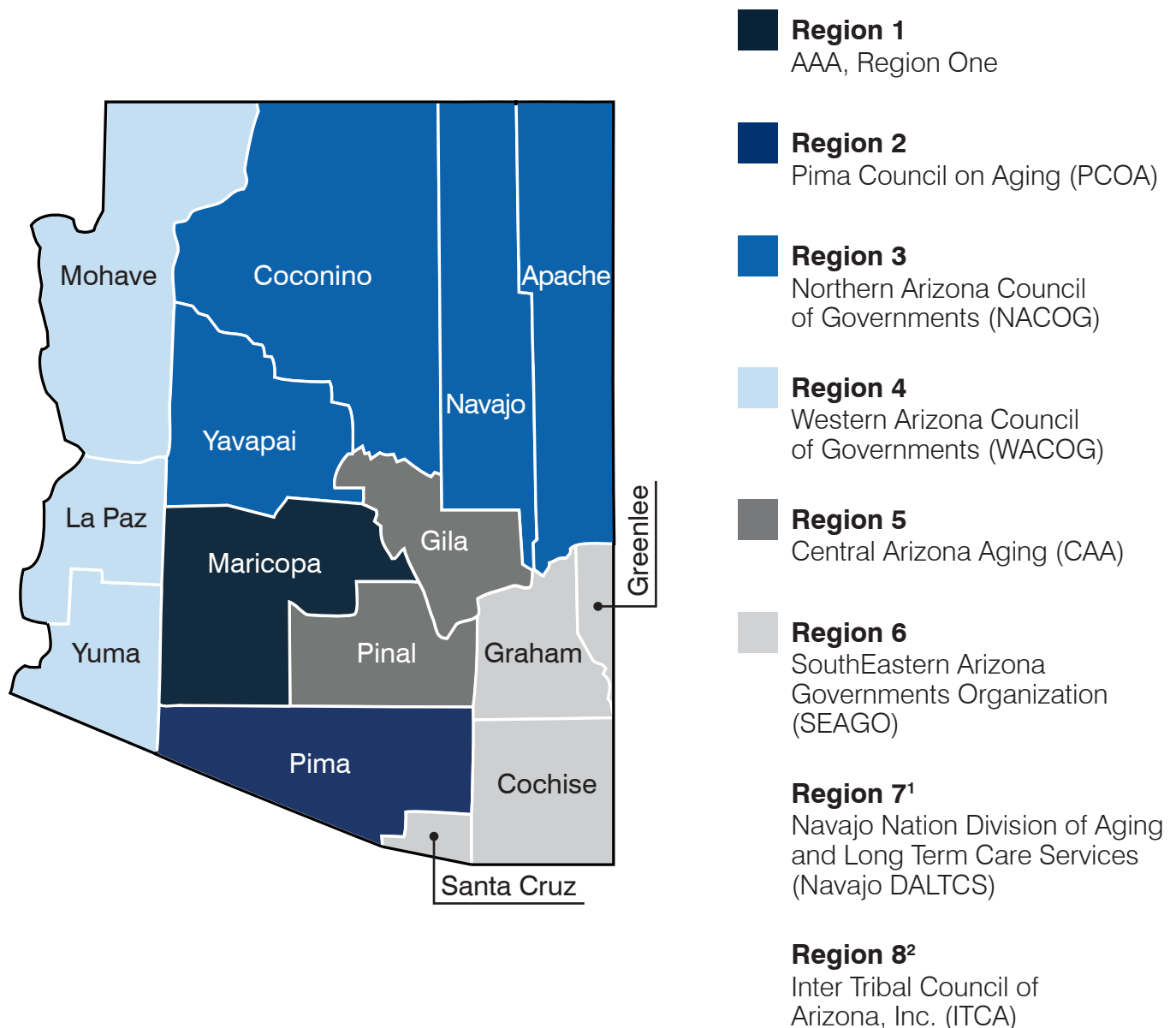
- ▶ Advocate for older adults.
- ▶ Offer information on programs, options, and community supports.
- ▶ Directly or through contracts with local services providers, deliver services to older adults or caregivers (see textbox, page 3, for information about who is eligible to receive services from a AAA).

¹ The first performance audit assessed the Department's provision of customer service for accessing its Unemployment Insurance (UI) Program in calendar year 2023 (see Arizona Auditor General report 25-101 *A Performance Audit of the Arizona Department of Economic Security—Unemployment Insurance Program*). The second performance audit assessed the Department's Division of Developmental Disabilities' compliance with requirements for quality-of-care concern triage and investigations pursuant to its contract with the Arizona Health Care Cost Containment System (see Arizona Auditor General report 25-114 *A Performance Audit of the Arizona Department of Economic Security—Division of Developmental Disabilities*). The final report will provide responses to the statutory sunset factors.

² The topic area for this performance audit was identified as an area for future review in the September 2023 special audit of Arizona's adult protective services system conducted by the independent firm LeCroy and Milligan Associates under contract with the Arizona Auditor General. See Arizona Auditor General report 23-114 *Examining the Delivery of Services to Vulnerable Adults in the Arizona Adult Protective Services System*.

Figure 1

Department contracted with 8 AAAs to serve all 15 counties and tribal communities in Arizona



¹ This AAA serves the Navajo Nation.

² This AAA serves member tribes located throughout the State.

Source: Auditor General staff summary of information from *Arizona State Plan on Aging 2023-2026*.

Pursuant to the multiyear State plan, the Department is responsible for overseeing the AAAs to ensure they are compliant with contractual requirements and fulfill requirements placed on them through the Older Americans Act. These requirements include such things as having proper administrative and financial procedures in place, accurately determining client eligibility for services, ensuring service providers are properly credentialed and meet background check requirements, and conducting public education and outreach. The Department has established

some mechanisms to oversee the AAAs, including periodic meetings with the AAAs, activity reports for certain programs, and electronic tracking mechanism to track the number of clients served. However, the Department's most comprehensive mechanism for ensuring contract compliance is through on-site monitoring reviews of each AAA that the Department indicated it would perform every 3 years pursuant to the multiyear State plan. See Finding 1, pages 6 through 9, regarding the Department being overdue for conducting on-site monitoring reviews for 5 of the 8 AAAs to determine contract compliance, which does not help to ensure client well-being and appropriate use of public monies.

Who is eligible to receive services from AAAs?

- ▶ Clients who are 60 years of age or older.
- ▶ Clients under age 60 with a disability or who are unable to perform activities of daily living (ADLs).¹
- ▶ The spouse or family caregiver of an eligible client regardless of age or condition.

More specific eligibility requirements may apply based on the service being provided.

¹ ADLs include eating, bathing, dressing, grooming, using the bathroom, and mobility (e.g., walking or moving from a wheelchair to a bed).

Source: Auditor General staff review of Department documentation.

Department's contracts with 8 AAAs outline the specific services each AAA agrees to provide to older Arizonans, such as home-delivered meals and respite care

Arizona's AAAs can provide an array of services to clients, such as case management, home-delivered meals, respite care, housekeeping, and home repair and renovation, and each chooses which services they will provide when they contract with the Department (see Appendix A, pages a-1 through a-9, for the services each of Arizona's 8 AAAs budgeted to provide in fiscal year 2025). Six of the 8 AAAs are contracted with the Department to provide case-management services either themselves or through subcontractors to assess clients and determine their eligibility for services. All 8 AAAs offer direct care services to older adults either directly or through subcontractors.

According to Department policy, a case manager provided by the AAA will complete an assessment form to determine if a client is eligible for the service being sought. Department staff reported that once a client is determined eligible for a service, if a provider has capacity to provide the service, the client receives it immediately. Otherwise, Department staff reported that the case manager completes a prioritization tool that scores individuals and their current situation, and the scores are compared to determine greatest economic need to help determine the order in which services will be provided when the services become available. Someone referred from the Department's Adult Protective Services (APS) program receives 1 extra priority point and therefore is not prioritized for services over those with a greater need based on priority scores.

Six AAAs had clients on their waitlists as of April 2025

As of April 7, 2025, 6 of the 8 AAAs had clients on their waitlists for services. Two AAAs did not have any clients on waitlists. As shown in Table 1, based on Department-provided waitlist information, Region 3 NACOG's waitlist for case-management services was the largest, with 478 clients awaiting this service. Region 4 WACOG's waitlist for home-delivered meals was the next largest waitlist, with 214 clients awaiting this service. In addition, Region 3 NACOG had the highest number of clients waiting the longest time for services with approximately 200 clients waiting for more than 1 year and another approximately 200 clients waiting for 7 to 12 months.

Table 1

1,642 clients were on waitlists for at least 1 of 9 services at 6 AAAs as of April 7, 2025^{1,2}
(Unaudited)

Service	Region and AAA						Total
	3	2	4	1	5	6	
	NACOG	PCOA	WACOG	AAA, Region One	CAA	SEAGO	
Case management	478	38	0	0	44	0	560
Home-delivered meals	60	61	214	0	1	0	336
Housekeeping/homemaker	136	76	0	98	0	1	311
Attendant care	84	129	35	39	5	7	299
Respite care	26	36	6	18	2	0	88
Adaptive aids and devices/assistive technology	0	26	0	0	0	0	26
Adult day care/adult day health care	6	0	0	8	0	0	14
Personal care	0	0	0	6	0	0	6
Reassurance	0	0	2	0	0	0	2
Total	790	366	257	169	52	8	1,642¹

¹ AAAs maintain their waitlists by service. Among the 1,642 clients, the same client may be included more than once if on waitlists for more than 1 service at a AAA.

² As of April 7, 2025, the Region 7 and Region 8 AAAs had no clients on their waitlists.

Source: Auditor General staff summary of Department-provided information for the 6 AAAs that maintained waitlists as of April 7, 2025.

Department provides federal and State monies to AAAs to provide services

The Department provides the AAAs a combination of federal and State monies, and the AAAs must also provide some matching monies, depending on the federal funding source. The Arizona funding formula, which is developed by the Department in consultation with the AAAs and approved by the federal government, allocates funding to the AAAs on a weight-adjusted basis, focusing on the economic needs and targeted populations of those 60 years of age and older, including minority and rural populations. As shown in Table 2, according to Department provided-information, the Department provided a total of \$78.3 million to the 8 AAAs in fiscal year 2025—approximately 80% was federal monies and 20% State monies. The federal monies that the Department distributes came from the U.S. Department of Health and Human Services, Administration for Community Living (ACL). Additionally, AAAs provided \$15.9 million in total matching monies.

Table 2

Department provided AAAs \$78 million of federal and State monies, and AAAs provided nearly \$16 million in matching monies in fiscal year 2025

(Unaudited)

Region and AAA	Federal	State	Total (Federal and State)	AAA match	Total (All sources)
Region 1 AAA, Region One	\$26,667,138	\$7,367,067	\$34,034,205	\$11,760,785	\$45,794,990
Region 2 PCOA	10,076,531	2,887,366	12,963,897	566,050	13,529,947
Region 3 NACOG	5,624,966	1,413,875	7,038,841	600,000	7,638,841
Region 4 WACOG	5,994,280	1,165,452	7,159,732	435,700	7,595,432
Region 5 CAA	4,860,063	868,026	5,728,089	1,373,809	7,101,898
Region 6 SEAGO	3,462,843	960,751	4,423,594	658,104	5,081,698
Region 7 Navajo DALTCS	3,221,567	750,636	3,972,203	390,458	4,362,661
Region 8 ITCA	2,537,093	489,836	3,026,929	169,565	3,196,494
Total	\$62,444,481	\$15,903,009	\$78,347,490	\$15,954,471	\$94,301,961

Source: Auditor General staff summary of Department-provided information.

Department did not conduct on-site monitoring reviews every 3 years for 5 of the 8 AAAs consistent with its State Plan to determine contract compliance, thereby not helping to ensure client well-being and appropriate use of public monies

Department's State Plan indicates it will conduct on-site monitoring reviews of each AAA every 3 years

The federal Older Americans Act requires each state to develop and administer a multiyear state plan that provides goals and objectives and assurances as a condition of receiving federal Older Americans Act-related funding (see Introduction, page 1, for more information on the federal Older Americans Act). In the *Arizona State Plan on Aging 2023-2026* (State Plan), which is effective October 1, 2022 through September 30, 2026, the Department indicated that it would perform on-site monitoring of each AAA every 3 years (see Introduction, pages 1 through 5, for more information on AAAs).¹ It further explained that the purpose of the on-site monitoring review is to determine each AAA's compliance with all pertinent federal and State requirements related to the administrative, programmatic, fiscal, data-collection, and reporting components of Older Americans Act programs. For example, according to the on-site review reports, the Department reviews client case files to assess eligibility for and provision of services; the AAA and their subcontractors' records for proof of necessary licenses, certifications, and medical tests; and the AAA's policies and procedures for processes such as handling conflicts of interest, submitting and reviewing employee time sheets, and processing and paying bills. Following the on-site review, the Department provides the AAA a report detailing any monitoring findings and/or recommendations. As explained in the textbox on page 7, although the Department continues to monitor the AAAs' implementation of changes to resolve findings, it does not have a process for verifying the implementation of recommendations.

As of August 2025, Department's on-site monitoring reviews for 5 of 8 AAAs were overdue by 3 months to 3 years and 5 months

Despite the Department indicating in its State Plan that it will conduct on-site monitoring of each AAA every 3 years, as of August 2025, it had not done so for 5 of the 8 AAAs in the State. As shown in Table 3, page 8, the Department's on-site monitoring reviews for 5 of the 8 AAAs were from 3 months to 3 years 5 months overdue as of August 2025, with Region 4 WACOG being the longest past due. According to the Department, the COVID-19 pandemic significantly impacted its ability to conduct on-site monitoring reviews.

¹ Division of Aging and Adult Services. (2022). *Arizona State Plan on Aging 2023-2026*. Arizona Department of Economic Security. Retrieved 8/15/2025 from <https://des.az.gov/sites/default/files/dl/Arizona-State-Plan-on-Aging-2023-2026.pdf>

Key terms

Findings: Contract deficiencies identified by the Department during an on-site monitoring review that a AAA must correct. The Department provides instruction to the AAA for each finding. If directed to submit a corrective improvement plan (CIP), the AAA is to complete a form for each finding. A CIP must detail logical steps to be taken by the AAA to expeditiously correct the finding. Department staff will review/approve and monitor the CIP to ensure the AAA's compliance.

Recommendations: Suggestions for operational improvement the Department identified during an on-site monitoring review that the Department encourages a AAA to implement as soon as possible. The AAA must develop and submit a narrative response for each recommendation, unless noted otherwise in the instructions of each item. If the AAA chooses not to implement a recommendation, the narrative must provide a valid justification to be reviewed and approved by the Department.

Source: Auditor General staff summary of information contained in the Department's contract compliance review report from May 2024 on-site monitoring review.

During the audit, the Department developed an on-site AAA monitoring schedule for federal fiscal years 2026 through 2027 that shows it plans to conduct an on-site monitoring review of each of the 8 AAAs between September 2025 and August 2027, starting with WACOG and then continuing to conduct them in order of the next most overdue to the least overdue. However, under this schedule, reviews of the 3 AAAs that were not overdue as of August 2025 would be 1 to 2 months overdue based on the planned start date of their respective review time frames. This indicates the importance of the Department adhering to and even accelerating the time frames in its on-site monitoring schedule if it is going to review each AAA every 3 years consistent with its State Plan.

By not conducting timely on-site monitoring reviews of some AAAs, Department has not determined contract compliance in a timely manner, which does not help ensure client well-being and appropriate use of public monies

The on-site monitoring reviews assess compliance with federal and State requirements and review AAA policies and procedures and case files in administrative and fiscal areas as well as each of the programmatic areas in which the AAA offers services. When the Department is not conducting on-site monitoring reviews of each AAA every 3 years consistent with the State Plan, AAAs may continue to operate out of compliance with important contract provisions, and the Department is not helping to ensure the well-being of clients and that public monies are being spent appropriately, as is illustrated by these examples of findings and/or recommendations the Department made in previous on-site monitoring reviews.

Table 3

Department is overdue by 3 months to 3 years and 5 months for conducting on-site monitoring for 5 of the 8 AAAs as of August 2025

Region and AAA	Date of most recent on-site monitoring review	Overdue by:
Region 1: AAA, Region One	May 2022	3 months
Region 2: PCOA	December 2021	8 months
Region 3: NACOG	February 2024	Not overdue
Region 4: WACOG	March 2019	3 years and 5 months
Region 5: CAA	October 2023	Not overdue
Region 6: SEAGO	October 2021	10 months
Region 7: Navajo DALTCS	May 2024	Not overdue
Region 8: ITCA	February 2020	2 years and 6 months

Source: Auditor General staff review of Department's most recent AAA on-site monitoring review reports.

- ▶ The Department had a finding that a AAA subcontractor's staff members did not have medical screening tests for tuberculosis on file as required. Because tuberculosis is a serious illness that can easily spread, if a staff member tested positive, it could pose a serious health threat to the clients, staff member, and other staff. According to the on-site monitoring review report, tuberculosis screening tests were immediately conducted and the results submitted to the Department.
- ▶ The Department had a finding that a AAA authorized a client to receive respite service; however, the client did not meet the policy requirements and was not eligible for the service based on the documentation. Authorizing someone to receive services for which they are not eligible could lead to them being provided those services, resulting in public monies being spent inappropriately and reducing monies and thus services available to those who are eligible for them. The Department recommended that the AAA develop and provide case managers training on the policy and documentation requirements for the respite program.
- ▶ The Department identified that its Adult Protective Services (APS) program had referred a client to a AAA, but as of 3-1/2 months after referral, the AAA had not established contact with the client. According to the AAA, it had a procedure in place to perform and document 3 calls/voicemails to establish contact with a client, but the AAA had documentation of only

1 voicemail message left for the client. The AAA not establishing contact with the client who had been referred for services or following procedures to try to establish such contact put that client at risk for not having their needs met. The Department recommended that the AAA closely adhere to and/or modify its followup procedures to ensure referrals (and especially those from APS) are followed up on in a timely manner.

- ▶ The Department identified that a AAA's delivery driver for home-delivered meals was routinely signing as the recipient of home-delivered meals as a means of expediency to help ensure foods were an appropriate temperature when delivered. The driver signing for all meals rather than having clients sign for their meals increased the risk that clients did not receive the meals intended for them while simultaneously increasing the risk that public monies were used inappropriately. The Department recommended that each client sign for their home-delivered meals, and during the annual visit, the case manager could ask the client if they really wanted or needed a designee to sign for their meals. The Department indicated that a designee is an exception to the rule, and the delivery driver is expected to see the client because a wellness check is still expected.

In addition, the Department has more often identified recommendations rather than had findings resulting from its most recent on-site monitoring reviews as of August 2025, but it does not monitor the actual implementation of changes by the AAAs to address the recommendations. Therefore, it is important the Department conduct on-site monitoring reviews every 3 years consistent with its State Plan to help ensure the AAAs have implemented the recommendations. Specifically, in the most recent reviews of each of the 8 AAAs, the Department reported 5 findings compared to 52 recommendations to the AAAs. The recommendations the Department makes to the AAAs are important for client well-being and to ensure public monies are spent appropriately as illustrated by the last 2 examples above, and similar to the findings illustrated by the first 2 examples above.

Recommendations to the Department

1. Conduct on-site monitoring reviews of each AAA every 3 years consistent with its State Plan.
2. Adhere to or accelerate the review time frames in the federal fiscal years 2026 and 2027 on-site monitoring review schedule to ensure the monitoring reviews of the 5 AAAs that are overdue are conducted in order of most overdue to least overdue as planned, and the on-site monitoring reviews of the 3 AAAs that were not overdue as of August 2025 do not become overdue.
3. Develop and implement a formal process for verifying the AAA's efforts to implement the Department's recommendations from the on-site monitoring reviews.

Department response: As outlined in its [response](#), the Department agrees with the finding and will implement the recommendations.

The Arizona Auditor General makes 3 recommendations to the Department

Click on a finding, recommendation, or its page number to the right to go directly to that finding or recommendation in the report.

Recommendations to the Department

FINDING 1	6
1. Conduct on-site monitoring reviews of each AAA every 3 years consistent with its State Plan.	9
2. Adhere to or accelerate the review time frames in the federal fiscal years 2026 and 2027 on-site monitoring review schedule to ensure the monitoring reviews of the 5 AAAs that are overdue are conducted in order of most overdue to least overdue as planned, and the on-site monitoring reviews of the 3 AAAs that were not overdue as of August 2025 do not become overdue.	9
3. Develop and implement a formal process for verifying the AAA’s efforts to implement the Department’s recommendations from the on-site monitoring reviews.	9

Services the AAAs budgeted to provide in fiscal year 2025

This appendix presents a table (see pages a-2 through a-9), showing the services each of the 8 AAAs budgeted to provide to eligible clients in their respective region in fiscal year 2025, based on available resources. This appendix also defines each of the services.

Table 4**AAAs budgeted to provide an array of services to clients for fiscal year 2025**

Service	Description	Region and AAA							
		1	2	3	4	5	6	7	8
		AAA, Region One	PCOA	NACOG	WACOG	CAA	SEAGO	Navajo DALTCS	ITCA
Adaptive aids and devices/assistive technology	A service that provides or fabricates specialized equipment that will assist persons in performing normal living skills and any necessary installation, fitting, adjustment, and training.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Adult day care/adult day health care	A service that provides supervised planned care and health-related services to adults in a group setting during a portion of a 24-hour day.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Advocacy	Services that take action to protect the rights of individuals and ensure they receive appropriate services and benefits or to seek needed changes in the law and/or administrative rules to protect the rights of individuals and ensure adequate service levels.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



AAA budgeted to provide service



AAA did not budget to provide service

Table 4 continued

Service	Description	Region and AAA							
		1	2	3	4	5	6	7	8
		AAA, Region One	PCOA	NACOG	WACOG	CAA	SEAGO	Navajo DALTCS	ITCA
Attendant care/personal assistance	A service that provides a qualified individual to supply services an individual needs to remain in their home and/or participate in work/community activities.	✓	✓	✓	✓	✓	✓	✗	✗
Caregiver training—family caregiver support program	A service that provides training to assist caregivers in performing care giving activities, decision making, and problem solving.	✗	✓	✓	✓	✓	✓	✓	✓
Case management	A service or process that establishes a relationship with an individual or family in order to enhance their functioning and/or integration into the community. Appropriate services and/or benefits are identified, planned, obtained, provided, recorded, monitored, modified when necessary and/or terminated.	✓	✓	✓	✓	✓	✓	✗	✗

✓ AAA budgeted to provide service

✗ AAA did not budget to provide service

Table 4 continued

Service	Description	Region and AAA							
		1	2	3	4	5	6	7	8
		AAA, Region One	PCOA	NACOG	WACOG	CAA	SEAGO	Navajo DALTCS	ITCA
Community education and information	A service that provides information on, and/or instructions in, various subjects through public contact and/or meetings, printed materials and media presentations focused on a particular subject, field of interest, agency, or service.	✓	✓	✓	✓	✓	✓	✓	✓
Congregate meals	A service that provides a nutritious meal containing at least one-third of the recommended dietary allowance for an individual in a congregate setting.	✓	✓	✓	✓	✓	✓	✓	✓
Emergency human services	A service that provides for emergency home and community-based services and/or emergency housing services to Adult Protective Services clients.	✗	✓	✗	✗	✗	✗	✗	✗
General transportation	A service that provides or assists in obtaining various types of transportation for specific needs.	✓	✓	✓	✓	✓	✓	✓	✓

✓ AAA budgeted to provide service

✗ AAA did not budget to provide service

Table 4 continued

Service	Description	Region and AAA							
		1	2	3	4	5	6	7	8
		AAA, Region One	PCOA	NACOG	WACOG	CAA	SEAGO	Navajo DALTCS	ITCA
Health education—disease prevention and health promotion	A service that provides individual or group instruction to maintain or improve physical well-being.	✓	✓	✓	✓	✓	✓	✓	✓
Home-delivered meals	A service that provides for a nutritious meal containing at least one-third of the recommended dietary allowance for an individual, delivered to their place of residence.	✓	✓	✓	✓	✓	✓	✓	✓
Home repair and renovation	A service that provides for safety and/or structural repairs to the home.	✗	✓	✗	✗	✓	✓	✓	✗
Housekeeping/homemaker	A service that provides assistance in the performance of routine household activities at an individual's place of residence.	✓	✓	✓	✗	✗	✓	✗	✗
Information and referral	A service that provides or arranges for assistance to individuals to enable them to gain access to services through the provision of accurate and current information and referral to appropriate resources.	✓	✓	✓	✓	✓	✓	✗	✓



AAA budgeted to provide service



AAA did not budget to provide service

Table 4 continued

Service	Description	Region and AAA							
		1	2	3	4	5	6	7	8
		AAA, Region One	PCOA	NACOG	WACOG	CAA	SEAGO	Navajo DALTCS	ITCA
Legal assistance	A service that provides consultation and representation of civil and legal matters.	✓	✓	✓	✓	✓	✗	✗	✗
Long-term care advocacy—ombudsman	A service for investigating and resolving complaints relating to administrative action that may adversely affect the health, safety, welfare, and rights of individuals who are residents of long-term care facilities.	✓	✓	✓	✓	✓	✓	✓	✓
Multipurpose center operations	Multipurpose centers are community facilities utilized for the organization and provision of a broad spectrum of services for older adults.	✓	✗	✗	✗	✗	✗	✗	✗
Nursing—home nursing	A service that provides nursing intervention that may include patient care, coordination, facilitation, and education.	✗	✓	✗	✗	✗	✓	✗	✗
Outreach	A service that provides a systematic method to identify and directly contact persons in need of services.	✗	✗	✓	✗	✓	✓	✗	✓



AAA budgeted to provide service



AAA did not budget to provide service

Table 4 continued

Service	Description	Region and AAA							
		1	2	3	4	5	6	7	8
		AAA, Region One	PCOA	NACOG	WACOG	CAA	SEAGO	Navajo DALTCS	ITCA
Peer counseling	A service intended to promote peer-driven caregiver or kinship support groups by providing a safe space to share experiences to encourage self-help strategies in a nonjudgmental environment.	✓	✓	✓	✓	✓	✓	✗	✗
Personal care	A service that provides assistance with personal physical needs.	✓	✓	✗	✗	✗	✗	✗	✗
Program development	A service that researches and/or establishes a new service(s), or improves, expands, or integrates an existing service(s).	✓	✓	✓	✓	✓	✓	✓	✓
Protective services—Tribal Adult Protective Services	A service intended to help protect elders within the jurisdiction of the Navajo Nation from abuse, neglect, exploitation and maltreatment; and that offers available and appropriate services to assist in accordance with individual needs and acceptance.	✗	✗	✗	✗	✗	✗	✓	✗



AAA budgeted to provide service



AAA did not budget to provide service

Table 4 continued

Service	Description	Region and AAA							
		1	2	3	4	5	6	7	8
		AAA, Region One	PCOA	NACOG	WACOG	CAA	SEAGO	Navajo DALTCS	ITCA
Reassurance	A service that provides a regular contact system for individuals restricted to their place of residence.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Respite care	A service that provides short-term care and supervision consistent with the health the person needs, to supplement existing care, to provide a safe living environment, and to support or relieve the caregiver's burden.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Socialization and recreation	A service that promotes mentally and emotionally healthy interaction between participants and that may be organized around leisure activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
State Health Insurance Information, Education and Fraud Program (SHIP)	Services that provide health/long-term care insurance information, education, counseling, and assistance to Medicare beneficiaries, their families, caregivers, and social service professionals to keep the provision of accurate and current information and referral to appropriate resources and to reduce fraud in the systems.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>



AAA budgeted to provide service



AAA did not budget to provide service

Table 4 continued

		Region and AAA							
		1	2	3	4	5	6	7	8
		AAA, Region One	PCOA	NACOG	WACOG	CAA	SEAGO	Navajo DALTCS	ITCA
Service	Description								
Supplemental provisions	A service that provides supplemental food, clothing, toys, vouchers or household supplies to individuals on a nonemergency basis.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Volunteer services—management	A service that provides coordination of the recruitment, screening, training, placement, and evaluation of volunteers.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

☒ AAA budgeted to provide service

☐ AAA did not budget to provide service

Source: Auditor General staff summary of information in each of the 8 AAAs' itemized service budgets for fiscal year 2025.

Scope and methodology

The Arizona Auditor General has conducted this performance audit pursuant to a November 21, 2022, resolution of the Joint Legislative Audit Committee.

We used various methods to address the audit's objectives.¹ These methods included reviewing State statute and federal law, including the federal Older Americans Act; Department policies and procedures for its oversight of the AAAs; and interviewing Department staff.

In addition, we used the following specific methods to meet the audit objectives:

- ▶ To evaluate the timeliness of the Department's oversight of Arizona's 8 AAAs, we reviewed the Department's reports of its most recent on-site reviews, as of August 2025, of each AAA and compared the dates of those reviews to the required review time frame the Department specified in the *Arizona State Plan on Aging 2023-2026* it submitted to the federal government.² We also reviewed the federal fiscal years 2026 through 2027 AAAs monitoring scheduling the Department developed during the audit. Finally, we assessed the frequency of the Department identifying findings compared to making recommendations in its most recent on-site monitoring reviews.
- ▶ To obtain information for the Introduction, we reviewed Arizona Auditor General report 23-114 *Examining the Delivery of Services to Vulnerable Adults in the Arizona Adult Protective Services System* conducted by LeCroy & Milligan Associates under contract with our Office, the *Arizona State Plan on Aging 2023-2026*, and Department-provided information regarding AAAs' client waitlists for services as of April 7, 2025, and State and federal monies provided to the AAAs and AAAs' matching monies in fiscal year 2025.
- ▶ To obtain information for Appendix A, we reviewed information from the AAAs' fiscal year 2025 itemized service budgets, which report the services each AAA budgeted monies from the Department to provide.

Our work on internal controls included assessing the Department's processes for monitoring of and ensuring compliance with the federal Older Americans Act, the *Arizona State Plan on Aging 2023-2026*, and Department contracts with the AAAs. We reported our conclusions on applicable internal controls in Finding 1.

¹ The topic area for this performance audit was identified as an area for future review in the September 2023 special audit of Arizona's adult protective services system conducted by the independent firm LeCroy and Milligan Associates under contract with the Arizona Auditor General. See Auditor General report 23-114 *Examining the Delivery of Services to Vulnerable Adults in the Arizona Adult Protective Services System*.

² Division of Aging and Adult Services. (2022). *Arizona State Plan on Aging 2023-2026*. Arizona Department of Economic Security. Retrieved 8/15/2025 from <https://des.az.gov/sites/default/files/dl/Arizona-State-Plan-on-Aging-2023-2026.pdf>

We conducted this performance audit of the Department in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We express our appreciation to Director Wisehart and Department staff for their cooperation and assistance throughout the audit.

DEPARTMENT RESPONSE

The subsequent pages were written by the Department to provide a response to each of the findings and to indicate its intention regarding implementation of each of the recommendations resulting from the audit conducted by the Arizona Auditor General.

ARIZONA
— DEPARTMENT OF —
ECONOMIC SECURITY

Katie Hobbs
Governor

Michael Wisehart
Director

September 24, 2025

Ms. Lindsey Perry, CPA, CFE
Auditor General
Arizona Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

RE: Auditor General's Report, Contract Oversight of Area Agencies on Aging, Sunset Review

Dear Ms. Perry:

The Arizona Department of Economic Security (DES/Department) has reviewed the Auditor General's report and plans to implement the recommendations contained herein.

The Department is dedicated to its partnership with the Area Agencies on Aging (AAAs) for the benefit of older Arizonans and their caregivers. As such, efforts to implement recommendations have already begun, and DES looks forward to seeking out new opportunities to enhance contract monitoring.

The Department acknowledges and appreciates the diligence and collaboration demonstrated by the staff of the Office of the Auditor General throughout the Sunset Review process.

If you have any questions, please contact Rebecca Clayton, Assistant Director, Division of Aging and Adult Services, at (480) 490-5982 or rclayton@azdes.gov.

Sincerely,



Michael Wisehart
Director

Attachment

Finding 1: Department did not conduct on-site monitoring reviews every 3 years for 5 of the 8 AAAs consistent with its State Plan to determine contract compliance, thereby not helping to ensure client well-being and appropriate use of public monies.

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

Response explanation: Alongside other monitoring efforts, onsite monitoring is an important contract monitoring tool. The Department has resumed regular on-site monitoring reviews.

Recommendation 1: Conduct on-site monitoring reviews of each AAA every 3 years consistent with its State Plan.

Department response: The audit recommendation will be implemented.

Response explanation: The Department has resumed regular on-site monitoring reviews.

Recommendation 2: Adhere to or accelerate the review time frames in the federal fiscal years 2026 and 2027 on-site monitoring review schedule to ensure the monitoring reviews of the 5 AAAs that are overdue are conducted in order of most overdue to least overdue as planned, and the on-site monitoring reviews of the 3 AAAs that were not overdue as of August 2025 do not become overdue.

Department response: The audit recommendation will be implemented.

Response explanation: The Department has resumed regular on-site monitoring reviews.

Recommendation 3: Develop and implement a formal process for verifying the AAA's efforts to implement the Department's recommendations from on-site monitoring reviews.

Department response: The audit recommendation will be implemented.

Response explanation: Consistent with the collaborative approach between the Department and the AAAs, the Department will develop and implement a formal process for following up on recommendations from on-site contract monitoring.