

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.