



Joint Legislative Audit Committee

October 7, 2025—9:30 a.m.



Lindsey A. Perry
Auditor General

ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE OPEN TO THE PUBLIC

JOINT LEGISLATIVE AUDIT COMMITTEE

Date: Tuesday, October 7, 2025

Time: 9:30 A.M.

Place: HHR 1

Members of the public may access a livestream of the meeting here:

<https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2025101001>

AGENDA

1. Call to order and opening remarks
2. Consideration and approval of changes to the 2026-2027 performance audit and sunset review schedule
3. Consideration and approval of changes to the 2025, 2026 and 2027 Committee of Reference (COR) assignments for special audit and sunset review hearings
4. Consideration of request for a special audit of the Arizona Department of Housing
5. Remarks by Tolleson Union High School District
 - Response by Citizens for Schools Accountability
6. Consideration of request for a special audit of the Tolleson Union High School District
7. Adjournment

Members:

Senator Hildy Angius
Senator Flavio Bravo
Senator Eva Diaz
Senator Timothy "Tim" Dunn
Senator David C. Farnsworth, Chair 2025
Senator Warren Petersen, Ex-officio

Representative Matt Gress, Chair 2026
Representative Michael Carbone
Representative Lisa Fink
Representative Steve Montenegro, Ex-officio
Representative Stephanie Stahl Hamilton
Representative Betty J Villegas

10/02/2025
VC

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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

DATE: October 6, 2025

TO: Representative Gress, Chair
Senator Farnsworth, Co-chair
Members, Joint Legislative Audit Committee (JLAC)

FROM: Lindsey Perry, Auditor General

SUBJECT: Consideration and approval of changes to the 2026-2027 performance audit and sunset review schedule

Background

Laws 1978, Ch. 210, established the sunset review process, which requires most State agencies to receive a systematic review typically at least once every 8 years to determine whether they should be continued, modified, or terminated. A.R.S. §41-2953(B) directs the Auditor General to provide JLAC a list of agencies scheduled for termination in the next sunset schedule. The Office does not have sufficient resources to conduct all sunset reviews; therefore, JLAC determines which agencies the Office will review and which agencies will conduct self-reviews for the Committees of Reference (CORs).

On December 10, 2024, JLAC approved the 2026-2027 performance audit and sunset review schedule and assigned the sunset reviews on that schedule to the Office or to the agencies to conduct self-reviews for the CORs. However, additional changes to the schedule are needed, as detailed below and shown in **Attachment A**.

Changes to the 2024-2025 performance audit and sunset review schedule

Legislation passed in the 2025 session necessitate the following changes to the 2026-2027 schedule:

- ▶ Laws 2025, Ch. 246, continued the Arizona Department of Housing for 2 years until July 1, 2027. As a result, the Arizona Department of Housing is subject to a new sunset review that is due October 1, 2026, and is thus placed on the 2026-2027 performance audit and sunset review schedule. We recommend that JLAC assign the Office to conduct the Department's sunset review.
- ▶ Laws 2025, Ch. 258, repealed A.R.S. §41-1610.02, which required our Office to annually review the Arizona Department of Corrections, Rehabilitation and Reentry's (ADCRR)

compliance with statutory and policy requirements. As a result, the annual reviews of ADCRR are no longer on the 2026-2027 performance audit and sunset review schedule.

Action required

JLAC may either assign the Office to conduct the Arizona Department of Housing's sunset review or assign it to conduct a self-review.

Attachment A

2026-2027 performance audit and sunset review schedule

Attachment A

2026-2027 proposed performance audit and sunset review schedule

Statutorily mandated audits	
Auditor General's Office conducts	
1.	Child Safety, Department of (Processes for investigating reports of child abuse and neglect) ¹
2.	Corrections, Rehabilitation, and Re-Entry, Arizona Department of (annual audit due in 2026, A.R.S. §41-1610.02)
3.	Corrections, Rehabilitation, and Re-Entry, Arizona Department of (annual audit due in 2027, A.R.S. §41-1610.02)
2.	Education, Arizona Department of (A.R.S. §41-2958) ²
3.	Judiciary Programs (A.R.S. §41-2958)
4.	Regional Transportation Plan, Maricopa Association of Governments (A.R.S. §28-6313)
5.	Regional Transportation Authority Plan, Pima Association of Governments (A.R.S. §41-1279.03)
6.	Southern Arizona Sports, Tourism and Film Authority (A.R.S. §5-1433)
7.	Transportation Excise Tax, Pinal County (A.R.S. §41-1279.03)
8.	Universities (A.R.S. §41-2958) ³ Arizona State University Northern Arizona University University of Arizona
Sunset reviews	
Auditor General's Office conducts	
9.	Administrative Hearings, Office of ⁴
10.	Athletic Training, Board of ⁵
11.	Child Safety, Department of ⁵
12.	Deaf and the Blind, Arizona State Schools for the ⁴
13.	Deaf and the Hard of Hearing, Commission for the ⁵

14.	Economic Opportunity, Office of ⁴
15.	Foster Care Review Board, State ⁵
16.	Health Services, Department of ⁵
17.	Homeland Security, Arizona Department of ⁵
18.	Homeopathic and Integrated Medicine Examiners, Board of ⁵
19.	Housing, Department of⁴
20.	Industrial Commission of Arizona ⁵
21.	Investment, State Board of ⁵
22.	Medical Board, Arizona ⁴
23.	Municipal Tax Code Commission ⁴
24.	Psychologist Examiners, State Board of ⁵
25.	Regents, Arizona Board of ⁴
26.	Revenue, Department of ⁵
27.	Water Infrastructure Finance Authority of Arizona ⁴
28.	Water Resources, Department of ⁵
29.	Followups at 6 and 18 months or longer if not making progress

Committees of Reference conducts

1.	Fallen Firefighter Memorial Committee, Arizona ⁴
2.	Ombudsman—Citizens' Aide, Office of ⁵
3.	Residential Utility Consumer Office ⁵

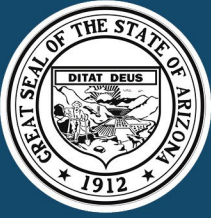
¹ At its September 18, 2024, meeting, the Joint Legislative Audit Committee directed the Arizona Auditor General to conduct a special audit of the Department of Child Safety—processes for investigating reports of child abuse and neglect.

² At its November 21, 2022, meeting, the Joint Legislative Audit Committee directed the Arizona Auditor General to conduct an audit of the Arizona Department of Education.

³ The universities' audits are due July 1, 2028.

⁴ Agency terminates July 1, 2027.

⁵ Agency terminates July 1, 2028.



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

DATE: October 6, 2025

TO: Representative Gress, Chair
Senator Farnsworth, Co-chair
Members, JLAC

FROM: Lindsey Perry, Auditor General

SUBJECT: Consideration and approval of changes to the 2025, 2026, and 2027 Committee of Reference (COR) assignments for special audit and sunset review hearings

Background

JLAC is statutorily required to assign agencies subject to a sunset review to CORs, regardless of whether the Office will conduct the sunset review or the agency will conduct a self-review for the CORs. JLAC is also responsible for assigning all other performance audits to CORs or other pertinent committees to ensure that each audit receives a public hearing by a legislative committee. Agencies are generally assigned to the CORs reflecting the standing committees most likely to be responsible for hearing any legislation affecting that specific agency and that have knowledge or expertise in that particular subject area.

The CORs are responsible for holding at least 1 public hearing to discuss the audit and/or sunset review report and receive testimony from agency officials and the public. These hearings should be held after the report is issued and when the Legislature is not in session or before the third Friday in January.

On June 6, 2025, JLAC approved as amended the 2025 COR assignments for audits and/or sunset review hearings, and on December 10, 2024, JLAC approved the 2026 and 2027 COR assignments for audits and/or sunset review hearings. Subsequently, Senate President Petersen has recommended changes to the 2025, 2026, and 2027 COR assignments.

Additionally, actions taken during the 2025 legislative session necessitated the following changes to the 2026 and 2027 COR assignments: (1) the Legislature reviewed and continued the Arizona Department of Housing for 2 years, requiring it to be assigned to a COR in 2026, and (2) the Legislature repealed A.R.S. §41-1610.02, removing a requirement for our Office to annually review the Arizona Department of Corrections, Rehabilitation and Reentry's (ADCRR) compliance with statutory and policy requirements, requiring ADCRR to be removed from the 2026 and 2027 COR assignments.

Attachments A, B, and C are Senate President Petersen's and House Speaker Montenegro's COR assignment recommendations for the 2025, 2026, and 2027 sunset review and performance audits, respectively.

Action required

JLAC may either approve the CORs as recommended by the Senate President Petersen and House Speaker Montenegro or assign different CORs.

Attachments A, B, and C

2025, 2026, and 2027 COR Assignment Recommendations

Attachment A

2025 performance audit and sunset review COR schedule President Petersen's and Speaker Montenegro's COR recommendations

Statutory reference	Agency selected for review	COR recommendations
A.R.S. §5-812	Sports and Tourism Authority, Arizona	House: Commerce Senate: Regulatory Affairs & Government Efficiency
A.R.S. §15-154, A.R.S. §41-2958	Education, Arizona Department of (including School Safety Program)	House: Education Senate: Education
A.R.S. §41-1279.03	Transportation Excise Tax, Coconino County	House: Transportation & Infrastructure Senate: Appropriations & Transportation
A.R.S. §41-1279.03	School Districts	House: Education Senate: Education
A.R.S. §41-1610.02	Corrections, Rehabilitation and Reentry, Arizona Department of	House: Judiciary Senate: Judiciary & Elections
A.R.S. §41-1966	Child Safety, Arizona Department of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3026.01	Credit Enhancement Eligibility Board	House: Education Senate: Education
A.R.S. §41-3026.02	Veterinary Medical Examining Board, Arizona State	House: Natural Resources, Energy & Water Senate: Natural Resources
A.R.S. §41-3026.03	Beef Council, Arizona	House: Land, Agriculture & Rural Affairs Senate: Natural Resources
A.R.S. §41-3026.04	Gaming, Arizona Department of	House: Commerce Senate: Regulatory Affairs & Government Efficiency
A.R.S. §41-3026.05	Land Department, Arizona State	House: Land, Agriculture & Rural Affairs Senate: Natural Resources
A.R.S. §41-3026.06	Barbering and Cosmetology, Arizona Board of	House: Commerce Senate: Regulatory Affairs & Government Efficiency
A.R.S. §41-3026.07	Pharmacy, Arizona State Board of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3026.07	Nursing, Arizona State Board of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3026.09	Occupational Therapy Examiners, Arizona Board of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3026.10	Higher Education, Western Interstate Commission for	House: Education Senate: Education
A.R.S. §41-3026.11	Civil Rights Advisory Board, Arizona	House: Judiciary Senate: Judiciary & Elections
A.R.S. §41-3026.12	Physician Assistants, Arizona Regulatory Board of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3026.13	Racing Commission, Arizona	House: Commerce Senate: Regulatory Affairs & Government Efficiency
A.R.S. §41-3026.21	Economic Security, Arizona Department of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3026.22	Boxing and Mixed Martial Arts Commission, Arizona State	House: Commerce Senate: Regulatory Affairs & Government Efficiency

Attachment B

2026 performance audit and sunset review COR schedule President Petersen's and Speaker Montenegro's COR recommendations

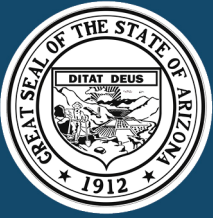
Statutory reference	Agency selected for review	COR recommendations
A.R.S. §28-6313	Maricopa Association of Governments Regional Transportation Plan	House Health & Human Services: Senate: Appropriations & Transportation
A.R.S. §41-1279.03	Transportation Excise Tax, Pinal County	House: Transportation & Infrastructure Senate: Appropriations & Transportation
A.R.S. §41-1279.03	School Districts	House: Education Senate: Education
A.R.S. §41-1966	Child Safety, Arizona Department of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-2958	Education, Department of	House: Education Senate: Education
A.R.S. §41-3027.01	Fallen Firefighter Memorial Committee, Arizona	House: Public Safety & Law Enforcement Senate: Public Safety
A.R.S. §41-3027.02	Water Infrastructure Finance Authority of Arizona	House: Natural Resources, Energy & Water Senate: Natural Resources
A.R.S. §41-3027.03	Administrative Hearings, Office of	House: Judiciary Senate: Government
A.R.S. §41-3027.04	Medical Board, Arizona	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3027.05	Regents, Arizona Board of	House: Education Senate: Education
A.R.S. §41-3027.06	Deaf and the Blind, Arizona State Schools for the	House: Education Senate: Education
A.R.S. §41-3027.07	Economic Opportunity, Office of	House: Commerce Senate: Regulatory Affairs & Government Efficiency
A.R.S. §41-3027.08	Municipal Tax Code Commission	House: Ways and Means Senate: Finance
A.R.S. §41-3027.09	Housing, Department of	House: Commerce Senate: Regulatory Affairs & Government Efficiency

Attachment C

2027 performance audit and sunset review COR schedule President Petersen's and Speaker Montenegro's COR recommendations

Statutory reference	Agency selected for review	COR recommendations
A.R.S. §5-1433	Southern Arizona Sports, Tourism and Film Authority	House: Commerce Senate: Finance
A.R.S. §41-1279.03	Regional Transportation Authority Plan, Pima Association of Governments	House: Transportation & Infrastructure Senate: Appropriation & Transportation
A.R.S. §41-2958	Judiciary Programs	House: Judiciary Senate: Judiciary & Elections
A.R.S. §41-2958 ¹	Universities	House: Education Senate: Education
A.R.S. §41-3028.01	Revenue, Department of	House: Ways & Means Senate: Finance
A.R.S. §41-3028.02	Psychologist Examiners, State Board of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3028.03	Health Services, Department of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3028.04	Homeland Security, Arizona Department of	House: Public Safety & Law Enforcement Senate: Military Affairs & Border Security
A.R.S. §41-3028.05	Child Safety, Department of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3028.06	Deaf and the Hard of Hearing, Commission for the	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3028.07	Athletic Training, Board of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3028.08	Foster Care Review Board, State	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3028.09	Residential Utility Consumer Office	House: Natural Resources, Energy & Water Senate: Natural Resources
A.R.S. §41-3028.10	Water Resources, Department of	House: Natural Resources, Energy & Water Senate: Natural Resources
A.R.S. §41-3028.12	Ombudsman—Citizens' Aide, Office of	House: Government Senate: Government
A.R.S. §41-3028.13	Investment, State Board of	House: Commerce Senate: Finance
A.R.S. §41-3028.14	Homeopathic and Integrated Medicine Examiners, Board of	House: Health & Human Services Senate: Health & Human Services
A.R.S. §41-3028.15	Industrial Commission of Arizona	House: Commerce Senate: Regulatory Affairs & Government Efficiency

¹ The universities are due July 1, 2028.



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

DATE: October 6, 2025

TO: Representative Gress, Chair
Senator Farnsworth, Co-chair
Members, JLAC

FROM: Lindsey Perry, Auditor General

SUBJECT: Consideration of request for a special audit of the Arizona Department of Housing

Background

Pursuant to A.R.S. §41-1279.03(A)(4), JLAC may direct the Office to perform special research requests, special audits, and related assignments of any State agency. Individual legislators may not assign audits to the Office; however, JLAC may consider the legislator's request and direct the Office to conduct an audit. As of the date of this memo, JLAC has received 1 written legislative request for a special audit of the Arizona Department of Housing (Department). The request asks for the Office to analyze the policies and procedures used by the Department to manage the Low-Income Housing Tax Credit Program in fiscal years 2020 through 2025, the physical results of the housing created, and its impact on the overall housing market. See **Attachment A** for Representative Gillette's special audit request letter.

As discussed in agenda item 1, the Department's sunset date is July 1, 2027. Therefore, the Department's performance audit and sunset review is due to the CORs by October 1, 2026. Dependent on JLAC's approval for the Office to conduct the Department's sunset review as presented in the 2026-2027 proposed performance audit and sunset review schedule (see agenda item 1), the Office recommends conducting work to address the areas outlined in this requested special audit at the same time as the Department's performance audit and sunset review. The Office estimates that it could commence this work by the end of October 2025 during the Department's sunset review.

Action required

JLAC can consider the request for a special audit of the Arizona Department of Housing. If JLAC approves the Office to conduct work to review the areas outlined in the special audit request as part of the Department's performance audit and sunset review, the Office will commence this work in October 2025.

Attachment A

Consideration of request for a special audit of the Arizona Department of Housing

JOHN GILLETTE
1700 WEST WASHINGTON, SUITE H
PHOENIX, ARIZONA 85007-2844
CAPITOL PHONE: (602) 926-4100
TOLL FREE: 1-800-352-8404
jgillette@azleg.gov

DISTRICT 30



COMMITTEES:
FEDERALISM, MILITARY AFFAIRS & ELECTIONS,
Chairman
GOVERNMENT
PUBLIC SAFETY & LAW ENFORCEMENT

Arizona House of Representatives
Phoenix, Arizona 85007

October 2, 2025

Member of the Joint Legislative Audit Committee,

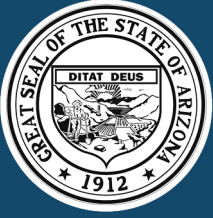
This letter serves as an official request to add a special audit to occur simultaneous to the upcoming sunset audit and Committee of Reference for the Arizona Department of Housing (ADOH). Specifically, this special audit would examine the State of Arizona's Low-Income Housing Tax Credit Program (LIHTC). My request is for the Arizona Auditor General to analyze the policies and procedures used by the ADOH to manage the tax credit program, the physical results of the housing created, and its impact on the overall housing market.

Unlike other tax credit programs managed by the Department of Revenue, where we have dozens of pages of reporting, the Legislature gets frustratingly little data on the performance of this system that redirects the State's income tax revenue, except for the name of the original applicant and planned impact. I am interested to see the entities that own the tax credits in subsequent years. Further, I am interested to see the difference between advertised construction versus the final products. I propose this audit look back at the five previous fiscal years' worth of data on the program.

Respectfully,

A handwritten signature in cursive script, reading "John E. Gillette".

John Gillette
Arizona State Representative, District 30
Chairman, House Federalism, Military Affairs & Elections Committee



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

DATE: October 6, 2025

TO: Representative Gress, Chair
Senator Farnsworth, Co-chair
Members, JLAC

FROM: Lindsey Perry, Auditor General

SUBJECT: Consideration of request for a special audit of Tolleson Union High School District

Background

Pursuant to A.R.S. §41-1279.03(A)(4), JLAC may direct the Office to perform performance audits, special audits, special research requests, and investigations. Individual legislators may not assign audits to the Office; however, JLAC may consider the legislator's request and direct the Office to conduct a special audit. As of the date of this memo, JLAC has received 1 written legislative request for a special audit of the Tolleson Union High School District (District). See **Attachment A** for Senator Finchem's special audit request letter.

The letter specifically requests the special audit assess the District's policies, procedures, processes, and practices for:

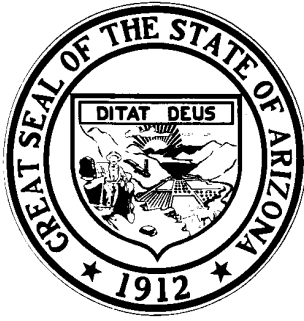
- ▶ Disclosing and managing conflicts of interest, secondary employment, fringe benefits, and prohibitions on gifts of public monies.
- ▶ Providing public access to records, meetings, and policymaking, including soliciting public input in approving policies and decisions, and using consent agendas.
- ▶ Lease purchases, land leases, bonds, and override elections, including evaluating the costs and benefits to the District associated with these items prior to pursuing them.
- ▶ Procuring goods and services, including academic services, consultants, and real estate professionals.
- ▶ Monitoring student proficiency in the core subjects of Math, English Language Arts, and Science, adopting a school curriculum, and providing teaching and learning resources.
- ▶ Ensuring school safety and preparing for and responding to school safety emergencies, including its use of school safety officers and school resource officers and monies provided by Arizona Department of Education's School Safety Grant Program.
- ▶ Other special audit topics as deemed related and appropriate by the Auditor General.

Action required

JLAC can consider the request for a special audit of Tolleson Union High School District with the audit being due January 30, 2027. If JLAC approves the special audit, the Office will commence the special audit in October 2025.

Attachment A

Consideration of request for a special audit of Tolleson Union High School District



ARIZONA STATE SENATE
1700 WEST WASHINGTON
PHOENIX, ARIZONA 85007-2844

From the Office of:
Senator Mark Finchem
(602) 926-3631
District 1

Dear Chairman Gress and Members,

I write to respectfully request a special audit performed by the Auditor General to assess the Tolleson Union High School District's policies, procedures, processes, and practices for:

- Disclosing and managing conflicts of interest, secondary employment, fringe benefits, and prohibitions on gifts of public monies.
- Providing public access to records, meetings, and policymaking, including soliciting public input in approving policies and decisions, and using consent agendas.
- Lease purchases, land leases, bonds, and override elections, including evaluating the costs and benefits to the District associated with these items prior to pursuing them.
- Procuring goods and services, including academic services, consultants, and real estate professionals.
- Monitoring student proficiency in the core subjects of Math, English Language Arts, and Science, adopting a school curriculum, and providing teaching and learning resources.
- Ensuring school safety and preparing for and responding to school safety emergencies, including its use of school safety officers and school resource officers and monies provided by Arizona Department of Education's School Safety Grant Program.
- Other special audit topics as deemed related and appropriate by the Auditor General.

The Auditor General shall issue a report of the results of the special audit, including any findings and recommendations, to the President of the Senate, the Speaker of the House of Representatives, the Joint Legislative Audit Committee, the Governor, the Arizona State Board of Education, and the District's Governing Board by January 30, 2027.

Thank you for considering this request.
Regards,

Senator Mark Finchem