

Public Safety Personnel Retirement System

24-Month Followup of Sunset Review Report 23-109

The September 2023 Public Safety Personnel Retirement System (System) performance audit and sunset review found that the System and Legislature have taken various steps to improve pension plans' sustainability and ability of public safety and corrections officers' pension plans to meet retirement obligations for plan members, but despite these efforts, the elected officials' pension plan's status declined further. The audit also found that the System's former administrator entered into business relationships with 2 former Board members, and all 3 participated in decisions that could have been influenced by these relationships. We made **6** recommendations to the System.

System's status in implementing 6 recommendations

Implementation status	Number of recommendations
☒ Implemented	6 recommendations

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our followup work on the System's efforts to implement the recommendations from the September 2023 report.

Recommendations to the System

Finding 1: Former System Administrator entered business relationships with 2 former Board members and all 3 failed to disclose and refrain from participating in decisions that could be influenced by their relationships.

- 1.** The System should develop and/or revise and implement conflict-of-interest policies and procedures to help ensure it complies with State conflict-of-interest requirements and follows recommended practices, including:

- a.** Storing and tracking all substantial interest disclosures in a special file available for public inspection.

► Status: **Implemented at 24 months.**

In April 2025, the System updated its conflict-of-interest policies and procedures to require the System to store any substantial interest disclosures made by Board members and employees in the System's special file. The revised policies and procedures also require the System's legal counsel to conduct a documented review of Board members' and employees' disclosed interests to determine whether any disclosures meet the statutory definition of a substantial interest.

Our review of all 94 System employees' 2025 annual disclosure forms found that the System had conducted and documented a review for the 16 employees who disclosed a potential conflict-of-interest and determined that none of the 16 employees' disclosed interests met the definition of a substantial interest. Additionally, our review of all 8 Board members' 2025 annual disclosure forms similarly found that the System had conducted and documented its review for the 3 Board members who had disclosed a potential conflict-of-interest and determined that none of the Board members' disclosures met the definition of a substantial interest. Lastly, although the System had established a special file, it had not stored any disclosures in the special file because it determined that no employees or Board members had disclosed a substantial interest.

- b.** Reminding employees at least annually to update their disclosure form if/when their circumstances change.

► Status: **Implemented at 12 months.**

The System updated its policies and procedures in December 2023 to require its employees to complete a conflict-of-interest disclosure form when hired and annually within the first month of each calendar year thereafter, or within 30 days if or when an employee's circumstances change. In January 2024 and 2025, the System sent an email requiring its employees to complete a disclosure form.

2. The System should develop and provide periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to all employees on how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

► Status: **Implemented at 24 months.**

As reported in our last followup in February 2025, the System developed and began providing training to all employees on its conflict-of-interest requirements, process, and disclosure form; however, the training lacked information about how the State's conflict-of-interest requirements relate to the System's unique programs, functions, or responsibilities. In June 2025, the System revised its conflict-of-interest training to include this information. The System has already implemented the revised training for new employees and plans to require all employees to complete the revised training in January 2026.

Additionally, the System provided certain employees, such as employees involved in selecting and managing the System's investments, specialized training on the System's conflict-of-interest policies, procedures, and requirements on multiple occasions during 2025. Finally, the System provided additional conflict-of-interest training to Board members during the Board's October 2025 meeting.¹

Sunset Factor 2: The extent to which the System has met its statutory objective and purpose and the efficiency with which it has operated.

3. The System should continue providing quarterly census data to and working with the Arizona Department of Administration to reconcile the active member personnel data between the State's payroll records and the data provided to the System's actuaries and investigate and resolve any errors prior to providing the information to its actuaries.

► Status: **Implemented at 12 months.**

The System has developed an automated process for providing quarterly census data to the Arizona Department of Administration (ADOA) to help reconcile the active member personnel data between the State's payroll records and the data provided to the System's actuaries, and reported that it has provided ADOA the ability to correct any identified errors in the System's pension administration system.

4. The System should continue including member data in employer and local board internal audits and implement its plans to expand the audit work to include comparing member data reviewed to the data provided to the actuaries to help identify inaccuracies in the data.

► Status: **Implemented at 12 months.**

The System has continued to include member data in employer and local board internal audits and expanded the audit work to include comparing member data reviewed to the

¹ Our 2023 sunset review found that the System had provided periodic conflict-of-interest training to Board members.

data provided to the actuaries to help identify inaccuracies. Specifically, our review of 5 employer and local board internal audits the System reported were in process as of February 2025 found that the audits included this expanded audit work.

Sunset Factor 5: The extent to which the System has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.

- 5.** The System should ensure that meeting minutes, or digital recordings, are available upon request within 3 working days of public meetings, as required by statute.

▶ Status: **Implemented at 12 months.**

Our review of Board meeting minutes for the Board's May and June 2024 meetings found that the System made its meeting recordings available for public inspection within 3 working days after the meeting, as required by statute.