





Arizona Department of Administration

30-Month Followup of Sunset Review Report 23-107

The September 2023 Arizona Department of Administration (Department) sunset review was the second of 2 audit reports we issued as part of the Department’s sunset review.¹ Our sunset review found that the Department has established processes or taken steps to meet various statutory responsibilities to provide centralized support services for State government operations but has not implemented some prior audit recommendations intended to ensure school facility safety or complied with some open meeting law and complaint-handling requirements. We made **14** recommendations to the Department.

Department’s status in implementing 14 recommendations

Implementation status	Number of recommendations
 Implemented	5 recommendations
 Implemented in a different manner	5 recommendations
 In process	1 recommendation
 Not implemented	3 recommendations

As shown above, we determined that the Department has implemented, partially implemented, or is in the process of implementing 11 of 14 recommendations; however, the Department has not implemented 3 recommendations. Specifically, despite submitting draft rules in 2024 for periodically reviewing and revising Central Services Bureau (CSB) fees, the Department has not yet opened a rulemaking docket with the Secretary of State and has not scheduled any public

¹ The first performance audit assessed whether the Department’s Arizona Strategic Enterprise Technology Office (ASET) complied with its statutory responsibility to oversee State information technology (IT) projects. For more information on the first audit we issued as part of the Department’s sunset review, including any applicable followup reports, see Report 23-104.

hearings for rule making. Additionally, for the other 2 recommendations, the Department has not ensured that all its employees have completed a conflict-of-interest disclosure form nor provided sufficient training on its conflict-of-interest policies and procedures. By not implementing these recommendations, the Department may be at risk of collecting more or less revenue than it needs to operate CSB and that employees and public body members have not disclosed substantial interests that might influence or could affect their official conduct.

Although the Department reported it plans to continue its efforts to implement all of the recommendations from our September 2023 report, the Department has not demonstrated sustained progress in implementing all of the recommendations. As a result, we do not see further benefit in continuing to follow up with the Department. The Department's next sunset review is due October 1, 2029, and we will assess its implementation of the unimplemented recommendations during that review if the Joint Legislative Audit Committee assigns it to our Office. Therefore, unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our followup work on the Department's efforts to implement the recommendations from the September 2023 report.

Recommendations to the Department

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

1. The Department should obtain signed interagency service agreements (ISA) from all State agencies that receive its IT services.

▶ Status: **Implemented at 6 months.**

As of March 1, 2024, the Department had entered into ISAs with all 91 State agencies that receive its IT services, including the 12 State agencies for which the Department had not obtained a signed ISA for IT services during the audit.

2. The Department should develop and implement policies and procedures for periodically reviewing the appropriateness of Central Services Bureau (CSB) fees that require it to analyze the costs of CSB activities, compare these costs to the associated fees, determine the appropriate fees, and then revise CSB fees as needed.

▶ Status: **Not implemented.**

As reported in our initial followup in May 2024, the Department determined that it would establish a process for setting and publishing CSB fees in rule. After our initial followup, the Department submitted draft rules to the Governor's Regulatory Review Council (GRRC) in December 2024 for periodically reviewing CSB fees and revising them as needed. However, as of April 2026, the Department had not opened a rulemaking docket with the Secretary of State and had not scheduled any public hearings for rule making. According to the Department, staffing turnover at key positions within the Department contributed to the delays in implementing this recommendation. However, by not yet establishing a process for setting CSB fees, including reviewing their appropriateness, the Department may be at risk of collecting more or less revenue than it needs to operate CSB.

3. The Department should require its Division of School Facilities to develop and implement a written plan that outlines key steps that it will take to address outstanding recommendations related to the prior audits of the Arizona School Facilities Board, including associated completion deadlines for each step.

▶ Status: **Implementation in process.**

As reported in our initial followup in May 2024, the Department provided preliminary implementation time frames for the recommendations related to the prior audits of the Arizona School Facilities Board. As of March 2026, we are in the process of assessing the implementation status of these recommendations and plan to report on their implementation status in separate followup reports related to the 3 Arizona School Facilities Board audit reports we issued in 2017, 2019, and 2021 by the summer of 2026.²

Sunset Factor 3: The extent to which the Department serves the entire State rather than specific interests.

4. The Department should ensure that all its employees have a completed conflict-of-interest disclosure form that requires them to disclose whether they or their relatives have a substantial interest in any Department decision making.

▶ Status: **Not implemented.**

As reported in our initial followup in May 2024, the Department's onboarding process for new employees includes steps for obtaining signed conflict-of-interest disclosure forms that require them to disclose whether they or their relatives have a substantial interest in any Department decision making, and we found that it had implemented this process for a sample of new employees we reviewed.³ Additionally, as of May 2024, the Department also obtained signed conflict of-interest disclosure forms for the 7 employees we identified during the audit who had signed an older version of the Department's disclosure form that did not require them to disclose whether they or their relatives had a substantial interest in any Department decision making. However, as of March 2026, the Department still has not assessed whether all of its employees have completed the updated form.

According to the Department, instead of assessing whether all employees had an updated form, it sent emails to all employees that included the updated disclosure form and a reminder for employees to annually update their disclosure form when their circumstances change (see recommendation 5b for more information on the Department's annual reminders). However, by not ensuring all employees have completed an updated conflict-of-interest disclosure form, the Department increases the risk that employees have not disclosed substantial interests that might influence or could affect their official conduct.

² See Auditor General reports 17-108, 19-105, and 21-112.

³ In April 2024, we reviewed a random sample of 10 of 36 employees the Department onboarded between December 1, 2023 and April 5, 2024, and found that all 10 employees had signed a conflict-of-interest disclosure form.

5. The Department should develop and implement internal conflict-of-interest policies and procedures, that include:

a. Requirements for public officers to complete a disclosure form at appointment.

▶ Status: **Partially implemented at 30 months.**

Since our initial followup in May 2024, the Department has developed conflict-of-interest policies and procedures that include requirements for public officers to complete a conflict-of-interest disclosure form at appointment. Additionally, the Department developed guidance for Department staff for notifying public officials of their responsibility to complete a disclosure form at appointment. However, during this followup, the Department identified that Department staff had not consistently ensured all appointed public officials had completed a disclosure form at appointment. Without ensuring that public officials complete disclosure forms, the Department increases the risk that public officials would not disclose substantial interests that might influence or affect their official conduct and refrain from participating in any manner related to these interests. According to the Department, to help ensure that all requirements related to public bodies are being met, including conflict-of-interest requirements, it plans to start holding regular meetings with staff who work with public body members and Department leadership starting in April 2026.

b. Reminding all employees and public officers at least annually to complete a new disclosure form when their circumstances change.

▶ Status: **Partially implemented at 30 months.**

Since our initial followup in May 2024, the Department has developed conflict-of-interest policies and procedures that include reminding all employees and public officers annually to update their disclosure form when their circumstances change. Consistent with these policies, the Department sent reminders to employees in July 2024 and July 2025 reminding all employees to review their disclosure form and update it if circumstances have changed. However, during this followup, the Department identified that it had not sent annual reminders to public officers, as required by its policies. Without annually reminding public officers to review and update their disclosure forms, the Department risks conflicts not being identified and appropriately addressed. As mentioned in recommendation 5a, to help ensure that all requirements related to public bodies are being met, the Department plans to start holding regular meetings with applicable staff and Department leadership starting in April 2026.

c. A process for remediating conflicts of interest disclosed by employees or members of public bodies.

▶ Status: **Partially implemented at 30 months.**

Since our initial followup in May 2024, the Department has developed policies and procedures that include a process for reviewing conflicts disclosed by employees

and public officials and developing remediation plans for disclosed conflicts of interest. Additionally, the Department provided examples of remediation plans developed for its employees. However, because the Department has not ensured that all staff and public officials have completed or updated their disclosure forms as discussed in recommendations 4, 5a, and 5b, the Department cannot ensure it has reviewed and remediated all potential substantial interests of its employees and public officials.

6. The Department should provide training to its employees and members of its public bodies on its newly developed conflict-of-interest policies and procedures.

▶ Status: **Not implemented.**

Although the Department has begun providing annual conflict-of-interest training to its employees and members of its public bodies, the training the Department uses incorporates general conflict-of-interest standards for all State employees and does not address some of the specific conflict-of-interest policies and procedures the Department developed to address recommendations 4, 5a, 5b, and 5c, such as training on the disclosure forms employees/public officers must complete and the steps they should take if they determine they may have a conflict of interest. However, absent training on Department-specific policies and procedures, Department employees and public body members may not fully understand or effectively implement the updated policies and procedures, such as the requirement for public body members to submit a disclosure form at appointment. Although the Department reported it plans on providing additional information and training to Department staff and public body members on the Department's updated conflict-of-interest procedures on an annual basis, it did not provide specific details on what that training would include.

Sunset Factor 5: The extent to which the Department 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.

7. The Department should develop and/or update and implement open meeting law policies and procedures for all Department public bodies to help ensure that they comply with open meeting law requirements, including:

- a. Requirements related to executive session, including notices, agendas, and motions and votes to hold executive session.

▶ Status: **Implemented at 30 months.**

The Department developed and implemented open meeting policies, procedures, and guidance documents for its public bodies to help ensure compliance with open meeting law requirements, including requirements related to meeting notices, agendas, motions, and executive session. For example, Department policy indicates that if an executive session is scheduled, the Department should

provide notice of the executive session and state the provision of law authorizing the executive session. These policies also include requirements for ensuring a quorum of members is present. Our observation of 2 separate Department of Economic Security Division of Developmental Disabilities (DDD) Independent Oversight Committees' public meetings held in September 2025 found that although the committees did not enter executive session, the agendas for both meetings provided notice that the committees may vote to go into executive session for the purpose of obtaining legal advice. ⁴ Additionally, for the 2 meetings we observed, both public bodies established a quorum.

- b.** Requirements related to quorum, such as public bodies only holding meetings if a quorum of members is present.

- ▶ Status: **Implemented at 30 months.**

See explanation for recommendation 7a.

- 8.** The Department should consult with the Attorney General's Office to ensure its open meeting law policies and procedures, including executive session and quorum practices, comply with open meeting law.

- ▶ Status: **Implemented at 6 months.**

- 9.** The Department should consult with the Attorney General's Office to determine and address potentially invalid actions taken at meetings that did not meet quorum requirements.

- ▶ Status: **Implemented at 6 months.**

- 10.** The Department should provide training for public body members and applicable Department staff on its open meeting law policies and procedures.

- ▶ Status: **Partially implemented at 30 months.**

After our initial followup, the Department updated training on its open meeting law policies and procedures in July 2025 to include additional information, such as requirements related to public notices, quorum, and executive sessions. As of October 2025, the Department had provided the updated training to some of the Department staff who oversee the Department's public bodies and to some public body members. As mentioned in recommendation 5a, to help ensure that all requirements related to public bodies are met, including providing training related to open meeting law, the Department plans to start holding regular meetings with applicable staff and Department leadership starting in April 2026. Additionally, the Department reported it planned to provide the updated open meeting law training to all relevant Department staff and public body members in 2026.

⁴ We observed the DDD District Central Independent Oversight Committee and the DDD District East Independent Oversight Committee meetings.

Sunset Factor 6: The extent to which the Department has been able to investigate and resolve complaints that are within its jurisdiction and the ability of the Department to timely investigate and resolve complaints within its jurisdiction.

- 11.** The Department should develop and implement a process, including written procedures, for providing a written response to benefit grievances within 60 days, as required by rule, and provide written responses to benefit grievances within this time frame.

▶ Status: **Partially implemented at 30 months.**

As reported in our initial followup in May 2024, the Department developed a process, including written policies and procedures for providing a written response to benefit grievances within 60 days. Our review of a random sample of 10 of 109 benefit grievances the Department received from May 2024 to July 2025 found that the Department provided a written response to 9 grievances within 60 days. Although the Department's tracking log indicates the Department closed the 1 remaining grievance in less than 60 days, the Department was unable to provide sufficient supporting documentation to demonstrate when the Department provided a written response for the grievance. Therefore, we determined that the Department has partially implemented this recommendation.