

Industrial Commission of Arizona

Sunset Review

Commission took steps to help fulfill its key objectives and timely processed some workers' compensation claims but took up to 832 days to resolve some complaints, potentially delaying monies for injured workers, and has not implemented some recommended practices for regulating conveyances such as elevators, increasing public safety risks

Audit purpose

To determine whether the Commission effectively met its key objectives to enforce various workers' compensation and workplace safety laws and regulated conveyances such as elevators and to respond to the 10 statutory sunset factors.¹

Key findings

- ▶ Commission developed processes and/or took steps to help fulfill its key objectives and has taken steps to improve its processes in response to many issues we and it identified.
- ▶ Commission timely processed fiscal year 2025 workers' compensation claims we reviewed from employees whose employers lacked workers' compensation insurance.
- ▶ Commission has initiated efforts to improve its conveyance regulatory program, but has not implemented several regulatory recommended practices, such as identifying all conveyances it is responsible for regulating and establishing a risk-based periodic conveyance inspection schedule, increasing public safety risks.
- ▶ Commission took up to 832 days to resolve bad faith complaints we reviewed, potentially delaying awarding monetary penalties to injured workers.²

Key recommendations to the Commission

- ▶ Develop and implement a written plan that outlines steps it will take to implement regulatory recommended practices in its conveyance regulatory program.
- ▶ Develop and implement policies and procedures for investigating and resolving bad faith complaints that include required time frames.

¹ The Arizona Auditor General conducted this performance audit and sunset review of the Commission pursuant to an October 7, 2025, 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.

² "Bad faith" is when an employer or workers' compensation provider initiates a hearing with the Commission's Administrative Law Judge division or other legal action related to workers' compensation with the Commission that relies on false information, is not warranted by existing law, or is not a good faith argument; unreasonably delays payment of, underpays, or terminates workers' compensation benefits; intentionally misleads a claimant; and/or unreasonably interferes with a claimant's right to choose their attending physician.