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Sunset Review

Industrial Commission of Arizona

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

Report 26-106
August 2026

Lindsey A. Perry
Auditor General

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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

August 3, 2026

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor

Director Testini
Industrial Commission of Arizona

Transmitted herewith is a report of the Auditor General, *A Sunset Review of the Industrial Commission of Arizona*. This report is in response to an October 7, 2025, resolution of the Joint Legislative Audit Committee. The sunset review was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in its response, the Industrial Commission of Arizona agrees with all the findings and plans to implement all the recommendations. My Office will follow up with the Industrial Commission of Arizona in 6 months to assess its progress in implementing the recommendations. I express my appreciation to the Commission's members, Director Testini, and Commission staff for their cooperation and assistance throughout the audit.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

cc: Industrial Commission of Arizona members

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.

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INTRODUCTION

The Arizona Auditor General has completed a sunset review of the Industrial Commission of Arizona. This sunset review determined whether the Industrial Commission of Arizona effectively enforced various laws related to workers' compensation and workplace safety, and regulated conveyances such as elevators. Additionally, this report provides responses to the statutory sunset factors.

Industrial Commission of Arizona is responsible for enforcing various laws related to health, safety, and welfare of workers and the public

The Industrial Commission of Arizona (Commission) was established in 1925 to oversee State programs related to workplace safety and workers' compensation.[1] According to statute, the Commission consists of a 5-member policy-setting body appointed by the Governor.[2,3] The Commission is also statutorily responsible for employing and supervising a Governor-appointed director authorized to hire the staff necessary to administer the Commission's policies, powers, and duties.[4,5]

Commission's mission

To work collaboratively with industry, labor, and employers to efficiently administer and effectively oversee all applicable laws related to the protection of life, health, safety, and welfare of workers within the State to safeguard improved outcomes for Arizona's workforce.

Source: Auditor General staff review of the Industrial Commission of Arizona's entry in the State's master list of State government programs.

The Commission's key statutory responsibilities include:

- **Administering and enforcing the State's occupational safety and health laws**

  The Commission is responsible for establishing and maintaining an occupational safety and health program approved by the United States Department of Labor's Occupational Safety and Health Administration (OSHA) (see Sunset Factor 7, pages 53 through 54, for more information on Arizona's OSHA-approved occupational safety and health program).[6,7,8]

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1 Laws 1925, Chapter 83.

2 Arizona Revised Statutes (A.R.S.) §§23-101 and 23-108.03(A).

3 Pursuant to A.R.S. §23-101(B), no more than 3 members of the Commission can belong to the same political party, members are appointed for 5-year terms, and members must have been residents of the State for 5 years preceding their appointment. As of February 2026, all 5 Commissioner positions were filled.

4 A.R.S. §§23-108(A) and 23-108.01(A).

5 Pursuant to A.R.S. §23-108.03, the Commission is authorized to delegate most of its statutory powers and duties to the director or any of its department heads or assistants by resolution with some exceptions, such as rulemaking, licensing self-insurers, and authorizing penalties and fines for labor violations; however, the Commission is responsible for the official acts of its employees acting in its name and by its delegated authority.

6 A.R.S. §23-405(3).

7 In states with an OSHA-approved occupational safety and health plan such as Arizona, 29 U.S.C. 667 requires states to establish regulatory standards that are at least as effective as OSHA standards. OSHA initially approved Arizona's occupational safety and health plan in November 1974 and granted final approval in June 1985.

8 According to the Commission's 2023 annual report, the jurisdiction for its occupational safety and health program encompasses approximately 3 million employees working in approximately 174,000 public and private establishments, excluding mining operations, tribal lands, and federal employees.

Additionally, statute establishes the Arizona Division of Occupational Safety and Health (ADOSH) within the Commission responsible for implementing the Commission's duties related to administering the State's occupational safety and health laws (see page 7 for more information about ADOSH), including:[9]

- Recommending occupational safety and health standards to the Commission and enforcing the required standards adopted by the Commission.[10]
- Inspecting public and private sector workplaces and assessing civil penalties to employers for violations of required federal and State occupational safety and health standards (citations).[11] The Commission is responsible for reviewing and approving proposed citations ADOSH presents to it.[12] For example, the Commission has the authority to amend or change the proposed citations, including reducing or removing proposed civil penalties for occupational safety and health violations without remanding the proposed citation to ADOSH.[13]
- Investigating complaints filed by employees alleging they were fired or discriminated against for reporting violations of the State's occupational safety and health laws (discrimination complaints).[14]
- Developing a consultation program that provides employers with advice and interpretation of required federal and State occupational safety and health standards.[15]

Regulating elevators, escalators, and other conveyances

The Commission is responsible for administering and enforcing State laws regulating the safety condition of elevators and other conveyances (conveyances) (see textbox, page 3, for the definition of conveyances), including:[16,17]

- Inspecting conveyances, such as elevators and escalators, when deemed necessary or appropriate.[18,19,20]

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9 A.R.S. §23-405(1).

10 A.R.S. §23-407(1),(2).

11 A.R.S. §§23-408(A), 23-415, and 23-418.

12 A.R.S. §§23-417 and 23-418(I).

13 We interviewed 2 commissioners who have served on the Commission for 4 years and 13 years, respectively. Both commissioners reported that the information provided by ADOSH before and during Commission meetings regarding proposed citations has not changed during their respective times on the Commission and that the level of information provided to the Commission is sufficient to make decisions.

14 A.R.S. §23-425.

15 A.R.S. §23-433(A)(1).

16 A.R.S. §§23-491.01 and 23-491.04.

17 According to A.R.S. §23-491(4), the Commission's jurisdiction excludes conveyances located at mines and subject to regulation by the Arizona State Mine Inspector. Additionally, according to A.R.S. §23-491.15, the Commission's regulation of conveyances does not impair the authority of the State's political subdivisions regarding local enforcement authorized by local ordinance or statute if the Commission determines the standards employed by the political subdivision are at least equal to those promulgated by the Commission. The Commission reported that it does not inspect conveyances located at mines, on federal land, on tribal land, and in the City of Phoenix unless they are within buildings owned by Maricopa County or the State or are personnel hoists or employee elevators for construction and demolition operations.

18 Although A.R.S. §23-491.05 authorizes the Commission to inspect conveyances when it deems necessary or appropriate, conveyance owners are statutorily responsible for ensuring that conveyances undergo regularly scheduled inspections (see footnote 20).

19 According to A.R.S. §23-491.16, the Commission can authorize private elevator inspectors to conduct inspections of conveyances.

20 A.R.S. §23-491.02 requires conveyance owners and operators to ensure a conveyance is inspected before placing the conveyance in operation after the initial installation of the conveyance and annually or as directed by the Commission thereafter, and after modification or alteration of the conveyance.

- Investigating complaints alleging violations of statutory requirements by owners and operators of conveyances (conveyance owners).[21]

- Issuing annual certificates for conveyances when, after an inspection, a conveyance is found to comply with required standards and regulations.[22,23]

- Enforcing compliance with required standards and regulations by issuing orders to correct violations of industry standards or regulations identified during conveyance inspections and complaint investigations.[24] Additionally, the Commission is authorized to condemn conveyances it determines are a danger to the safety of its users.[25]

Key term

Conveyance: An elevator, dumbwaiter, escalator, moving walk, manlift, personnel or material hoist, stage lift, orchestra lift, platform lift, stairway chairlift, special purpose personnel elevator, or employee elevator for construction and demolition operations.[1]

1 See A.R.S. §23-491 and Arizona Administrative Code (AAC) R20-5-502 for further definitions of these conveyance types.

Source: Auditor General staff review of A.R.S. §23-491 and AAC R20-5-502.

See Sunset Factor 2, pages 23 through 29, for issues we identified with the Commission's regulation of conveyances.

Regulating boilers, pressure vessels, and lined hot water heaters

The Commission is responsible for administering State laws regulating the safety of boilers, pressure vessels, and lined hot water heaters in Arizona, including:[26,27]

- Certifying inspectors of boilers, pressure vessels, and lined hot water heaters.[28]

- Establishing a schedule to require regular boiler, pressure vessel, and lined hot water heater inspections.[29,30]

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21 A.R.S. §§23-491.02 and 23-491.08.

22 A.R.S. §23-491.06 requires the Commission to adopt national consensus, federal, or its own conveyance safety standards. The Commission has adopted conveyance safety standards from the American Society of Mechanical Engineers and the American National Standard Institute in AAC Title 20, Chapter 5, Article 5.

23 According to A.R.S. §23-491.07, no conveyance shall be operated in Arizona without an annual certificate of inspection.

24 A.R.S. §23-491.09(A).

25 According to A.R.S. §23-491.09(C), if the Commission determines the operation of a conveyance poses an immediate danger to the safety of the persons operating or being conveyed by such device, it may condemn the device and require it to be returned to a safe operating condition before its use is resumed.

26 A.R.S. §23-472.

27 According to A.R.S. §23-471, a boiler is a closed vessel that heats liquids, such as to generate steam; a pressure vessel is a container to hold internal or external pressure; and a lined hot water heater is a water heater with a corrosion-resistant lining for supplying hot water for commercial purposes.

28 A.R.S. §§23-475(1) and 23-485.

29 A.R.S. §23-475(3).

30 According to A.R.S. §23-475(2), as of July 1, 2017, the Commission may not inspect boilers, pressure vessels, and lined hot water heaters. The Commission reported that inspections are conducted by private inspectors certified by the Commission.

- Recommending standards, regulations, and amendments to the standards and regulations to the Commission for approval or disapproval and enforcing all standards and regulations the Commission adopts.[31]

Investigating alleged noncompliance with State labor laws

The Commission is responsible for investigating alleged noncompliance with various State labor laws related to payment of wages and employment (see textbox for the types of labor law complaints the Commission is responsible for investigating).

Commission is responsible for investigating noncompliance with State labor laws in 6 areas

1. **Earned paid sick time**

   Statute entitles employees to earned paid sick time, and employees have the right to file a complaint with the Commission if their employer denies earned paid sick time.[1]

2. **Employer retaliation**

   Statute prohibits employers from retaliating against employees who exercise their earned paid sick time or minimum wage rights and allows any person or organization to file a complaint with the Commission alleging an employer retaliated against an employee.[2,3]

3. **Equal pay discrimination**

   Statute prohibits employers from paying any person less than employees of the opposite sex in the same establishment for the same quantity and quality of the same classification of work.[4] Employees may file a complaint with the Commission alleging that their employer violated this statutory requirement.

4. **Minimum wage**

   Statute prohibits employers from paying employees less than the State minimum wage and allows any person or organization to file a complaint with the Commission alleging an employer paid an employee less than the minimum wage.[5]

5. **Wage and payment compliance**

   Statute requires employers to designate 2 or more days in the month, not more than 16 days apart, as fixed paydays for payment of wages to employees, and employers cannot withhold or divert a portion of an employee's wages unless certain conditions apply.[6] The Commission is responsible for investigating employee claims for unpaid wages.[7]

6. **Youth labor**

   Statute prohibits the employment of minors in certain occupations and establishes permissible working hours for employees under 16 years old.[8] The Commission is responsible for investigating complaints alleging violations of youth labor law.[9]

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[31] A.R.S. §23-475(4),(5).

Textbox continued

[1] A.R.S. §§23-372(A) and 23-375(A).

[2] A.R.S. §§23-364 and 23-374.

[3] A.R.S. §23-364(A) defines retaliation as denial of any right guaranteed under Title 23, Chapter 2, Articles 8 and 8.1, and any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed therein.

[4] A.R.S. §23-341(A).

[5] A.R.S. §§23-363 and 23-364(C).

[6] A.R.S. §§23-351(A) and 23-352.

[7] A.R.S. §23-357(A).

[8] A.R.S. §§23-231 through 23-233.

[9] AAC R20-5-904.

Source: Auditor General staff review of A.R.S. Title 23, Chapter 2, and AAC Title 20, Chapter 5.

Administering the State's workers' compensation system

The State Constitution requires the Legislature to enact a workers' compensation law applicable to all public sector workers and, as determined by the Legislature, for private sector workers, providing for the payment of workers' compensation, a form of insurance providing financial support and medical benefits, to workers and/or their families for injuries or death caused by their employment.[32] See textbox, page 6, for definitions of key terms related to workers' compensation.

The Commission is responsible for administering the State's workers' compensation system and adjudicating claims for workers' compensation, including:[33]

- Ensuring that workers' compensation insurance carriers are processing claims in accordance with statutory requirements.[34,35]
- Processing and paying several types of workers' compensation claims to injured workers through its Special Fund.[36,37] Laws 1968, 4th S.S., Ch. 6, §53, established the Commission's Special Fund for the purpose of providing workers' compensation benefits in statutorily mandated areas, such as to uninsured claimants whose employers have violated State law by not securing workers' compensation insurance. In fiscal years 2024 and 2025, the Special Fund's primary source of revenue was income from the investment of monies in the Special Fund, and its primary expenditures

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[32] Ariz. Const. Art. 9, §8.

[33] A.R.S. §23-921(A).

[34] A.R.S. §23-107(A).

[35] A.R.S. §23-961(A) requires employers to provide workers' compensation to their employees by providing insurance coverage either through an insurance carrier authorized by the Arizona Department of Insurance and Financial Institutions or by paying workers' compensation directly.

[36] A.R.S. §23-966(A).

[37] Per A.R.S. §23-907, an employer that fails to comply with workers' compensation insurance requirements is liable to the Special Fund, and the Commission must file a lien in superior court against the property of the employer in that county in the amount of the award to the claimant plus a 10% penalty.

were payments to workers' compensation claimants (see Appendix A, pages a-1 through a-8, for more information on the Commission's Special Fund, the types of workers' compensation claims the Commission pays, and the Fund's revenues and expenditures).

- Investigating complaints alleging unfair claim-processing practices or bad faith by an employer, self-insured employer, insurance carrier, or claims-processing representative.[38,39]
- Enforcing workers' compensation insurance requirements for employers (see Sunset Factor 7, page 53, for more information on the Commission's enforcement of workers' compensation insurance requirements).[40]

Workers' compensation key terms

Bad faith: 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.

Claims-processing representative: A representative of an insurance company or self-insured employer responsible for making benefit decisions in relation to a workers' compensation claim.

Insurance carrier: An entity authorized by the Arizona Department of Insurance and Financial Institutions to underwrite workers' compensation insurance.

Self-insured employer: An employer authorized by the Commission to pay workers' compensation benefits directly to injured workers.

Unfair claim processing practices: When an employer or workers' compensation provider accepts or denies a workers' compensation claim without adequate supporting information, unreasonably fails to acknowledge or act promptly upon communications regarding a claim, advises a claimant not to consult or obtain an attorney, and/or communicates directly with a claimant represented by an attorney for an improper purpose.

Source: Auditor General staff review of A.R.S. Title 23, AAC R20-5-128, and Commission-provided definitions.

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38 A.R.S. §23-930(A).

39 The Commission investigates these allegations either upon receiving a complaint, referred to as an "external complaint," or on its own motion, referred to as an "internal complaint" (see Sunset Factor 6, pages 47 through 48, for more information on the Commission's handling of these complaints).

40 A.R.S. §23-907(I).

- Adjudicating cases regarding workers' compensation claims through its Administrative Law Judge division (see Sunset Factor 2, pages 29 through 32, for more information on cases adjudicated by the Commission's Administrative Law Judge division).[41,42,43]

Commission is organized into 7 divisions and is assisted by 5 public bodies

As previously discussed (see page 1), the Commission consists of a 5-member policy-setting body appointed by the Governor. The Commission is statutorily responsible for employing and supervising a Governor-appointed director authorized to hire staff necessary to administer the Commission's duties.

As of February 2026, the Commission reported it has 239 full-time equivalent positions (FTEs) and 21 vacancies, and is organized into the following 7 divisions:[44]

- **Administrative Division (45 FTEs, 1 vacancy)**

  Responsible for providing support to the Commission to ensure its efficient and effective operation. This division includes the Office of the Director, consisting of the director, 2 deputy directors, an executive staff assistant, chief legislative liaison, occupational safety administrator, program coordinator, medical resource office program manager, human resource manager, ombudsman attorney, comptroller, chief information officer, procurement services manager, and administrative services officer.

- **Administrative Law Judge Division (36 FTEs, 1 vacancy)**

  Responsible for adjudicating disputes that arise related to workers' compensation, minimum wage, earned paid sick time, and youth employment laws (see Sunset Factor 2, pages 29 through 32, for more information on cases adjudicated by the Commission's Administrative Law Judge Division).

- **ADOSH (68 FTEs, 9 vacancies)**

  Responsible for enforcing occupational safety and health standards in public and private sector workplaces in Arizona; providing free safety consultations, education, and training services to Arizona employers and employees; investigating discrimination complaints; performing conveyance inspections; and certifying boiler inspectors.[45,46]

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41 A.R.S. §§23-941 and 23-942.

42 According to A.R.S. §23-108.02, the Commission appoints administrative law judges.

43 According to AAC R20-5-1214(C),(G); R20-5-906(C),(F); and R20-5-907(C),(F), the Commission may also adjudicate other disputes related to State labor laws through its own Administrative Law Judge Division. For example, in August 2025, the Commission's Administrative Law Judge Division upheld fines that the Commission's Labor Department issued against Southwest Airlines for violations of Arizona's earned paid sick time labor laws, totaling nearly $2.3 million in fines. Specifically, these fines were related to 27 separate appeals of Commission Labor Department fines issued against Southwest Airlines received by the Administrative Law Judge Division between June 2023 and January 2025, 16 of which the Commission upheld. The Commission's Administrative Law Judge Division issued a subsequent decision upon review in October 2025 upholding most of the fines against Southwest Airlines for the violations, and in December 2025, the Commission received notice that the decision was appealed to the Maricopa County Superior Court. As of April 2026, the appeal to the Maricopa County Superior Court was pending.

44 The Commission reported its total FTEs and vacancies as of February 10, 2026.

45 A.R.S. §23-406 outlines required qualifications for the ADOSH director, including years of experience in relevant safety and health fields. The ADOSH director as of February 2026 was interviewed and unanimously selected by the Commission in February 2024 and started in the position in April 2024, and our review of the ADOSH director's résumé found that they had met the years-of-experience requirements.

46 The Commission reported that as of February 2026, it had 6 inspectors within ADOSH assigned to geographical areas of the State where they are responsible for conducting conveyance inspections. According to Commission-reported staffing information, the number of Commission conveyance inspectors has decreased since fiscal year 2022 when it had 14 conveyance inspectors.

- **Claims Division (34 FTEs, 3 vacancies)**

  Responsible for ensuring workers' compensation claims are processed in accordance with statutory requirements and investigating allegations of bad faith or unfair claim processing.

- **Labor Department (20 FTEs, 2 vacancies)**

  Responsible for enforcing the State's labor laws, including wage laws, minimum wage laws, earned paid sick time laws, retaliation laws, and youth employment laws.

- **Legal Division (16 FTEs, 3 vacancies)**

  Responsible for providing legal support to the Commission and enforcing laws requiring employers to provide workers' compensation insurance to their employees.

- **Special Fund Division (20 FTEs, 2 vacancies)**

  Responsible for processing and paying certain workers' compensation claims to injured workers, such as workers whose employers have violated State law by not providing workers' compensation insurance (see Appendix A, pages a-1 through a-8, for more information on the Commission's Special Fund).

Additionally, statute establishes the following 5 public bodies responsible for assisting the Commission with various responsibilities and requirements:

- **Boiler Advisory Board**

  The Boiler Advisory Board is responsible for assisting the Commission in drafting standards and regulations for boilers, pressure vessels, and lined hot water heaters.[47,48] Statute requires the Boiler Advisory Board to meet at least annually and consist of 5 members appointed by the Commission.[49] As of February 2026, the Commission reported 4 positions were filled and 1 position was vacant.[50]

- **Investment Committee**

  The Investment Committee is responsible for supervising the investment activities of the Commission's Special Fund and adopting investment policies in rule for the Special Fund (see Appendix A, pages a-1 through a-8, for more information on the Special Fund).[51] Statute requires the Investment Committee to meet monthly and consist of the Commission director, Commission chair, and 3 persons knowledgeable in investments and economics appointed by the Governor.[52] As of February 2026, the Commission reported all 5 positions were filled.

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47 A.R.S. §23-486(A) requires the 5 members of the Boiler Advisory Board to consist of 1 member who represents the boiler, pressure vessel, or lined hot water heater manufacturer industry; 1 member who represents a public utility; 1 member who represents the insurance industry; 1 member who is an owner or operator of a boiler, pressure vessel, or lined hot water heater; and 1 member who is a licensed contractor.

48 Pursuant to A.R.S. §41-3032.18, the Boiler Advisory Board will sunset in July 2032.

49 A.R.S. §23-486(D).

50 As of February 2026, the Commission reported the seat for a member who is an owner or operator of a boiler is vacant.

51 A.R.S. §23-1065(K).

52 A.R.S. §23-1065(K),(M).

Occupational Safety and Health Advisory Committee

The Occupational Safety and Health Advisory Committee is responsible for assisting the Commission in drafting standards and regulations related to occupational safety and health.[53,54] Statute requires the Commission to appoint Occupational Safety and Health Advisory Committee members who serve at the will of the Commission. As of February 2026, the Commission reported the Occupational Safety and Health Advisory Committee consisted of 8 members.[55,56]

Review Board

The Review Board is responsible for hearing and ruling on appeals of Arizona Office of Administrative Hearings decisions related to occupational safety and health violations, time periods to address violations, or penalties protested to the Arizona Office of Administrative Hearings.[57,58] Statute requires the Review Board to meet as often as necessary to hold review hearings and consist of 5 members appointed by the Governor.[59] As of February 2026, the Commission reported 3 Review Board positions were filled and 2 positions were vacant and reported as of April 2026 that the Review Board had not met since 2016 because it has not received any appeals of Arizona Office of Administrative Hearings decisions since that time.

Wage Board

The Wage Board is responsible for reporting upon the establishment of minimum fair wage rates for minors if the Commission determines that a substantial number of minors in any occupation or occupations are receiving oppressive and unreasonable wages as defined in statute.[60] Statute requires the Wage Board to be appointed by the Commission and consist of 3 representatives of the employees in any occupation, trade, or industry; an equal number of representatives chosen from among the employers in the occupation, trade, or industry; and 1 commissioner who shall be chairman.[61] As of February 2026, the Commission reported it had not appointed any members of the Wage Board and believes the function of the Wage Board became obsolete when the State-wide, annually adjusted minimum wage was established.[62]

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53 A.R.S. §23-409(A).

54 Pursuant to A.R.S. §41-3032.17, the Occupational Safety and Health Advisory Committee will sunset in July 2032.

55 A.R.S. §23-409(A) requires the Occupational Safety and Health Advisory Committee to consist of a reasonably balanced representation of regulated industries, including agriculture, and labor and other persons knowledgeable in safety and health but does not establish a specific number of members. The Commission reported that the 8 members of the Occupational Safety and Health Advisory Committee, as of February 2026, represented the agricultural, construction, and utility industries and included representatives for general industry, employer management, unions, and government employees and employers. The Commission further reported the number of members appointed by the Commission can change to ensure regulated industries are represented.

56 Statute does not specify how frequently the Occupational Safety and Health Advisory Committee must meet.

57 A.R.S. §§23-420(A),(B),(C); 23-422(A),(C); and 23-423. According to A.R.S. §23-423(G) the Review Board may affirm, reverse, modify, or supplement the decision of the Arizona Office of Administrative Hearings' administrative law judge.

58 Per A.R.S. §23-422(A), the Review Board is established within the Commission, and according to A.R.S. §41-3032.19, the Review Board will sunset in July 2032.

59 A.R.S. §23-422(A),(C). According to A.R.S. §23-422(A), the members of the Review Board must be qualified by either training, education, or experience to carry out its powers and duties.

60 A.R.S. §§23-311 and 23-313.

61 A.R.S. §23-314(A).

62 The Commission's director reported it was unable to determine the last time it needed to appoint anyone to the Wage Board and intends to pursue statutory changes related to the Wage Board (see Sunset Factor 9, page 58, for statutory changes the Commission intends to pursue).

Commission has developed processes and/or taken steps to help fulfill several of its key objectives and has taken steps to improve its processes in response to many issues it and our audit identified

As discussed in Sunset Factors 2 and 6, we identified multiple areas where the Commission has developed processes and/or taken steps to fulfill its key statutory objectives and purposes, such as timely processing workers' compensation claims, calibrating its inspection equipment, and timely resolving labor law complaints (see Sunset Factors, pages 14 through 15 and 46). Additionally, as discussed in Sunset Factors 2, 5, 6, and 8 (see Sunset Factors, pages 13 through 36, 42 through 50, and 55 through 57), our review identified several areas where the Commission could make improvements to further improve its processes or that had deficiencies it should address. The Commission was aware of some of these issues and had proactively pursued changes to address them prior to our audit, including updating its policies and procedures and working with the Legislature to pursue statutory changes. For example, the Commission developed policies and procedures establishing timelines for supervisory review of occupational safety and health inspections after identifying issues with its documentation of inspection interviews and issuance of citations (see Sunset Factors, pages 15 through 16). Additionally, in response to issues we brought to its attention, the Commission began making various changes during the audit to improve its processes, including developing and/or revising policies and procedures in several areas, such as developing policies and procedures outlining its processes for identifying and mitigating possible conflicts of interest (see Sunset Factors, pages 55 through 57).

Commission's revenues were primarily from taxes on workers' compensation insurance premiums, and its expenditures were mostly for its payroll and other operating expenses

As shown in Table 1, pages 11 through 12, the Commission's revenues primarily consist of taxes on workers' compensation insurance premiums and include various other sources such as federal grants and investment income.[63] The Commission's estimated fiscal year 2026 revenues were approximately $46 million, with approximately $25 million estimated to come from workers' compensation insurance premium taxes. The Commission's estimated fiscal year 2026 expenditures and transfers totaled approximately $29 million, including approximately $15 million in payroll and related benefits. Most of the Commission's remaining expenditures were for municipal firefighter cancer reimbursement payments, professional and outside services, and other operating costs, such as rent.[64]

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63 Table 1 (pages 11 through 12) excludes revenues, expenditures, and changes in fund balances associated with the Special Fund. See Table 5, pages a-7 through a-8, for more information about the Special Fund's revenues, expenditures, and changes in fund balances.

64 See Table 1, footnotes 3 and 9, for more information on municipal firefighter cancer reimbursement payments.

Table 1

Schedule of revenues, expenditures, and changes in fund balances

Fiscal years 2024 through 2026

(Unaudited)

	2024 (Actual)	2025 (Actual)	2026 (Estimate)
Beginning fund balance	**$183,337,460**	**$196,422,666**	**$211,366,700**
Revenues			
Workers' compensation premium taxes[1]	$23,417,934	$25,015,809	$25,100,000
Federal pandemic aid[2]	17,232,504	2,764,270	3,226
Municipal Firefighter Cancer Reimbursement Fund fees[3]	15,000,000	15,000,000	15,000,000
Federal grants[4]	3,429,391	3,163,292	3,712,880
Investment income[5]	1,679,353	2,156,513	2,383,491
Sales and charges for services[6]	150,191	224,140	2,500
Fines, forfeits, and penalties	48,338	37,508	30,500
Other revenues[7]	7,223	15,346	15,000
Total revenues	**$60,964,934**	**$48,376,878**	**$46,247,597**
Expenditures and transfers out			
Aid to Arizona Fire Districts[2]	$17,232,504	$2,363,968	$403,528
Payroll and related benefits	16,107,152	15,573,589	14,716,410
Other operating[8]	5,949,986	5,969,604	5,900,000
Municipal firefighter cancer reimbursement payments[9]	5,695,990	5,690,901	5,700,000
Professional and outside services[10]	1,462,921	1,202,265	1,278,209
Equipment	456,742	454,486	460,000
Travel	362,794	355,151	226,412
Transfers to other State entities[11]	11,639	22,880	22,880
State-mandated legislative sweep[12]	600,000	1,800,000	0
Total expenditures and transfers out	**$47,879,728**	**$33,432,844**	**$28,707,439**
Ending fund balance	**$196,422,666**	**$211,366,700**	**$228,906,858[13]**
Net change in fund balance (Difference between revenues and expenditures and transfers)	**+$13,085,206**	**+$14,944,034**	**+$17,540,158**

Table 1 continued

[1] A.R.S. §23-961(G) requires workers' compensation insurance carriers to pay a tax of no more than 3% on all premiums collected or contracted for in the prior calendar year, except certain deductions, and self-insured employers to pay a tax of no more than 3% of the premiums the employer would have paid in the prior calendar year if they had been insured by a workers' compensation insurance carrier. The Commission must annually determine the tax rate on workers' compensation premiums, and monies collected through this tax must be paid to the Arizona State Treasurer and credited to the Commission's administrative fund. The Commission reported that in fiscal years 2024 through 2026, the premium tax rate was 2.25%.

[2] Federal pandemic aid consists of monies transferred to the Commission from the Governor's Office to administer a reimbursement-based grant program for the State's fire districts to offset expenses incurred in responding to and recovering from the COVID-19 pandemic. In total, the Commission received $20 million that it distributed to fire districts for this program in fiscal years 2024 through 2026.

[3] A.R.S. §23-1703(A) requires the Commission to assess and collect $15 million in fees from cities and towns that receive a share of the State's tax revenue each fiscal year for deposit in the Municipal Firefighter Cancer Reimbursement Fund (see footnote 9 for more information about the use of monies in this fund). The fee assessed in each fiscal year to each city and town is based on the population of the city or town in proportion to the total population of all incorporated cities and towns in the State.

[4] Federal grants consist of monies the Commission receives from the United States Department of Labor to administer the State's OSHA-approved occupational safety and health program (see Sunset Factor 7, pages 53 through 54, for more information on Arizona's OSHA-approved occupational safety and health program).

[5] Investment income consists of interest received on monies in the Municipal Firefighter Cancer Reimbursement Fund.

[6] Sales and charges for services primarily consist of revenues the Commission receives from attendance fees charged at an annual workers' compensation claims seminar it hosts for employers, claims adjusters, healthcare professionals, and attorneys. In fiscal year 2026, the Commission held a joint seminar with a nonprofit workers' compensation education organization and did not receive the attendance fees from this seminar. As such, the Commission's estimate for fiscal year 2026 sales and charges for services primarily consisted of fees charged for producing public records.

[7] Other revenues primarily consist of payments made to the Commission that it reported were for the production of public records.

[8] Other operating expenses primarily consist of rent the Commission pays to the Special Fund for the office space it uses in buildings owned by the Special Fund in the cities of Phoenix and Tucson and the purchase of information technology (IT) hardware and software services (see Appendix A, pages a-7 through a-8, for more information about the buildings owned by the Special Fund).

[9] Pursuant to A.R.S. §23-1702(C), the Commission is responsible for annually distributing monies from the Municipal Firefighter Cancer Reimbursement Fund to the workers' compensation insurance systems used by cities and towns. The annual distribution is based on the proportion of compensation and benefits paid to municipal firefighters and fire investigators pursuant to A.R.S. §23-901.09 relative to all compensation and benefits paid to municipal firefighters and fire investigators in the State. These monies may be used to pay municipal firefighters, fire investigators, or their beneficiaries compensation for temporary or total disability, medical benefits, and death benefits.

[10] Professional and outside services primarily consist of payments for external IT consulting services the Commission reported were related to hardware enhancements to its IT system and external legal services, such as translation services and court reporting.

[11] Transfers to other State entities consist of payments the Commission made to the Arizona Office of Administrative Hearings and the Governor's Office. Specifically, pursuant to A.R.S. §23-420(C), the Commission must refer requests for hearings on appeals of occupational safety and health violations to the Arizona Office of Administrative Hearings for determination. The Commission reported that it pays the Arizona Office of Administrative Hearings according to the Arizona Office of Administrative Hearings' billing rates, such as a fee for filing a case. Additionally, the Commission pays the Governor's Office approximately $7,000 each fiscal year for services provided by the Governor's Chief Operating Officer's Office, including support for agency operations and management.

[12] Pursuant to Laws 2024, Ch. 209, §133, in fiscal years 2024 and 2025, a total of $2.4 million was transferred from the Commission's administrative fund to the State General Fund for the purpose of providing adequate support and maintenance for State agencies.

[13] According to the Commission, the fiscal year 2026 ending fund balance included approximately $63 million in the Municipal Firefighter Cancer Reimbursement Fund. Pursuant to A.R.S. §23-1702(A), monies in the Municipal Firefighter Cancer Reimbursement Fund are restricted for reimbursements to municipal payors, such as a workers' compensation insurer used by a city or town, for the workers' compensation and benefits they paid to municipal firefighters and fire investigators. Further, pursuant to A.R.S. §23-1702(C), (D), monies remaining undistributed at the end of a fiscal year must remain in the Municipal Firefighter Cancer Reimbursement Fund and be available for annual distributions in future fiscal years.

Source: Auditor General staff analysis of AZ360, the State's financial management system, for fiscal years 2024 and 2025, the State of Arizona annual financial reports for fiscal years 2024 and 2025, and Commission-provided estimates for fiscal year 2026.

Pursuant to A.R.S. §41-2954, the legislative committees of reference shall consider but not be limited to the following factors in determining the need for continuation, consolidation, modification, or termination of the Commission.

Sunset factor 1: The key statutory objectives and purposes in establishing the Commission.

The Commission was established in 1925 and is responsible for administering and enforcing laws and regulations that relate to the protection of life, health, safety, and welfare of workers.

The Commission's key statutory responsibilities include:

- Administering and enforcing State and federal occupational safety and health laws, including inspecting public and private workplaces and assessing civil penalties to employers for violations of required federal and State occupational safety and health standards.
- Regulating elevators, escalators, and other conveyances, including conducting inspections, investigating complaints, and issuing certificates of inspection or correction orders.
- Regulating boilers, pressure vessels, and lined hot water heaters, including certifying inspectors and establishing a schedule to require regular inspections.
- Investigating alleged noncompliance with State labor laws, such as youth employment, wage, and earned paid sick time laws.
- Administering the State's workers' compensation system, including ensuring that workers' compensation insurance carriers are processing claims in accordance with legal requirements; processing and paying various workers' compensation claims; and enforcing workers' compensation insurance requirements for employers.

Sunset factor 2: The Commission's effectiveness and efficiency in fulfilling its key statutory objectives and purposes.

We identified several areas where the Commission has developed processes and/or taken steps to fulfill its key statutory objectives and purposes, could improve its processes to better fulfill its key statutory objectives and purposes, and has deficiencies in its processes that impact its ability to effectively and efficiently fulfill its key statutory objectives and purposes.

Areas we found where the Commission has developed processes and/or taken steps to fulfill its key statutory objectives and purposes include that the Commission:

- **Paid Commission and Investment Committee members compensation consistent with State requirements for per diem payments we reviewed**

  Our review of a sample of 3 of 130 per diem payments made to public officers in fiscal year 2024 found that the Commission complied with State per diem requirements for the payments we reviewed.[1,2] Specifically, our review of 3 per diem payments made to 2 Commission members and 1 Investment Committee member for the preparation for and/or participation in public meetings held between November 2023 and May 2024 found that all 3 payments were made in accordance with statute and were reviewed and approved in accordance with the Commission's policies and procedures.

- **Timely processed workers' compensation claims it received in fiscal year 2025 from employees whose employers lacked workers' compensation insurance within 21 days with 1 exception and provided notices regarding claim outcomes to required parties for claims we reviewed, consistent with its policies and procedures**

  Our review of the Commission's data for all 516 workers' compensation claims the Commission received in fiscal year 2025 from employees whose employers lacked workers' compensation insurance (no insurance workers' compensation claims) found that the Commission timely accepted or denied 515 of 516 (99%) no insurance workers' compensation claims within 21 days of receiving notification of the claim, as required by Commission policy (see Appendix A, pages a-1 through a-6, for more information about the Commission's workers' compensation claim types).[3,4] For the remaining claim, the Commission took 22 days to deny the 1 claim it processed, which was 1 day over its established 21-day time frame.

  Additionally, our review of a stratified random sample of 15 of 516 no insurance workers' compensation claims the Commission received in fiscal year 2025 found that the Commission provided notices to claimants, employers, and insurance carriers regarding its acceptance or denial of the claims, as required by its policies and procedures.[5,6]

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1 According to A.R.S. §23-101(C), Commissioners receive a salary of $50 per day for each day in which the Commissioner prepares for or attends a meeting. Additionally, per A.R.S. §23-1065(L), members of the Investment Committee receive a salary of $50 for each day in which the member attends a meeting.

2 We randomly selected 2 of 36 per diem payments made to the public officer with the highest total per diem payment amount in fiscal year 2024 and randomly selected 1 other payment from the remaining 94 per diem payments made to public officers in fiscal year 2024.

3 A.R.S. §23-1061(M) requires workers' compensation insurance carriers and self-insured employers to accept or deny workers' compensation claims within 21 days of receiving notice of the claim; however, we did not identify a statute that establishes time frames for the Commission to process or pay workers' compensation claims it receives.

4 According to Commission data, it received 255 apportionment and 264 vocational rehabilitation workers' compensation claims in fiscal year 2025, and the Commission reported it did not receive any self-insured employer or pre-1973 supportive care claims in fiscal year 2025 (see Appendix A, pages a-1 through a-2, for more information about these claim types). However, the Commission does not have internal time frames for accepting or denying these claim types.

5 We reviewed a stratified random sample of 15 of 516 no insurance workers' compensation claims the Commission received in fiscal year 2025, including 2 of 32 claims the Commission accepted and 13 of 484 claims the Commission denied.

6 The Commission's policies and procedures require it to issue a notice regarding any findings and awards for claims it accepts and a notice regarding its determination to accept or deny a claim for all claims it receives.

Implemented a process for calibrating inspection equipment in accordance with OSHA requirements and recommended practices

Our review of the Commission's occupational safety and health equipment calibration documentation found that the Commission has implemented processes to calibrate its equipment in accordance with OSHA requirements and OSHA recommended practices. OSHA has various requirements and recommendations that equipment used for occupational safety and health inspections be calibrated, including recommending that inspectors calibrate industrial hygiene equipment used for occupational health and safety inspections, such as noise measuring equipment, before and after an inspection, and by an outside party on a periodic basis. The Commission has contracted a third-party vendor for the repair and annual calibration of its industrial hygiene equipment, and as of April 2026, the contracted vendor last calibrated some of the Commission's industrial hygiene equipment in February 2026.[7] Further, we observed Commission staff demonstrate the process to calibrate equipment for before and after an inspection, and the Commission utilizes calibration forms to document the results of their calibration before and after an inspection.

Further, the Commission has developed processes and/or taken steps to fulfill its key statutory objectives and purposes for several other programs we reviewed but could further strengthen some of its processes.

Specifically, the Commission:

Made improvements in documenting its occupational safety and health inspections but could further improve its process for supervisory review of inspections

Our review of Commission occupational safety and health inspection documentation from calendar years 2024 and 2025 found that the Commission made some improvements to its inspection interview documentation and citation issuances after revising its policies in December 2024 but had not fully implemented revised supervisory review time frame requirements to help ensure it issues citations within the statutorily allowed time frame. Specifically, our review focused on the Commission's processes for documenting inspection interviews, which according to Commission policy are key to identifying employees' exposure to hazards, supporting the existence of potential violations, and issuing citations. However, our review of a judgmental sample of 4 of 571 occupational safety and health inspections the Commission conducted in calendar year 2024 found that the Commission documented inspection interviews in a manner that was inconsistent with its inspection policies and procedures in 2 of 4 inspections.[8,9] Additionally, the

7 As of June 2019, the Commission had developed an annual calibration policy that describes the process for how its staff should work with the contracted vendor. Additionally, the Commission developed equipment inventory lists that indicate when the annual calibration of its equipment is required.

8 We judgmentally selected 4 of 571 Commission occupational safety and health inspections conducted in calendar year 2024 based on stakeholder input.

9 Commission policy states that interviews conducted during an occupational safety and health inspection should be recorded if the interviewee gives consent or documented as a written statement if the employee does not. However, the Commission did not record these 2 employee interviews or document them as written statements in its inspection documentation.

Commission did not issue citations for some potential occupational safety and health violations it identified during 2 of 4 inspections, such as employees using respirators without a written respiratory protection plan, because inspectors failed to timely submit the inspection documentation for supervisory review within 6 months, as required by statute, potentially leaving the violations unaddressed and impacting worker safety and health.[10] The Commission reported it identified these issues prior to our review and developed additional policies and procedures in December 2024 requiring inspectors to submit inspection documentation for supervisory review within 90 days of an inspection, which it reported was intended to improve interview documentation and help ensure it meets the 6-month statute of limitations for issuing citations.[11]

Our subsequent review of a random sample of 3 of 96 occupational safety and health inspections the Commission conducted between January 2025 and June 2025 and after it had developed these additional policies and procedures found that as of September 2025, the Commission had made improvements to its interview documentation but had not always complied with the time frames in its revised supervisory review process.

Specifically:

- Commission staff documented inspection interviews consistent with the Commission's policies and procedures for all 3 inspections we reviewed.
- Commission staff did not submit inspection documentation for supervisory review within 90 days in 2 of 3 inspections we reviewed.[12,13] Although the Commission issued citations associated with these 2 inspections 1 day and 10 days before the 6-month statutory deadline, respectively, failure to submit inspection documentation within 90 days increases the risk that potential violations will continue to go unaddressed, potentially impacting worker safety and health. The Commission reported that it has not completely implemented its policy requirements for submitting inspection documentation due to inconsistent supervisor followup on inspections.

Has implemented some processes to help ensure it complies with some statutory Small Business Bill of Rights requirements but has not provided all required information, written materials, and updates to small businesses

Although the Commission has implemented some processes to help ensure it complies with statutory Small Business Bill of Rights requirements, our review of a sample of 7 of 667 Commission occupational safety and health inspections, the Commission's website, and Commission Small Business Bill of Rights documentation found that it has not fully

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[10] A.R.S. §23-415 requires the Commission to issue citations for occupational safety and health violations identified during an occupational safety and health inspection within 6 months of the inspection and prohibits issuing citations after 6 months.

[11] According to the Commission, for the 2 inspections where it did not issue citations as required by statute, its staff did not submit the inspection documentation for supervisory review within 6 months of the inspection occurring, preventing it from issuing citations within the statutory deadline.

[12] Commission staff took 156 days and 165 days, or approximately 5 months, respectively, to submit the inspection documentation for review.

[13] The Commission's policy requires staff to complete check-ins with inspectors at 45 and 90 days after the inspection was initiated and document the reasons why the inspection documentation has not been submitted. One inspection we reviewed was missing 45-day check-in documentation and the other 90-day check-in documentation.

complied with all statutory requirements (see textbox for more information about the Small Business Bill of Rights and Table 2, page 18, for information on the Commission's compliance with Small Business Bill of Rights requirements).[14,15]

Key term

Small Business Bill of Rights: A.R.S. Title 41, Chapter 6, Article 1, establishes various rights for small businesses regulated by State agencies and requires these rights to be described in a bill of rights posted on the State agency's website.[1]

1 According to A.R.S. §41-1001(23), a small business is a business, including its affiliates, that is independently owned and operated, is not dominant in its field, and employs fewer than 100 full-time employees, or had revenues less than $4 million in its last fiscal year.

Source: Auditor General staff review of A.R.S. §41-1001, et. seq.

Specifically, we found that the Commission:

- Has developed policy requirements for providing written materials to employers describing their rights, and our review of a sample of 7 Commission occupational safety and health inspections found that the Commission provided a written bill of rights to the employers in all 7 inspections we reviewed.

- Has not provided information on its website, as of December 2025, describing the process by which a small business may file a complaint with the Commission or provided the contact information of the Commission's employees designated to handle these complaints. Additionally, the Commission's written materials do not provide the contact information of the Commission's employees designated to handle complaints.

- Has not provided monthly updates to small businesses after occupational safety or health inspections. Specifically, the Commission reported that it does not provide any updates to small businesses after completing an inspection until it notifies the employer of the upcoming Commission meeting in which possible citations will be presented to the Commission for approval (see Introduction, page 2, for more information about the Commission's review of citations).[16,17] The Commission reported that it was not aware of the requirement to provide small businesses with monthly updates on the status of actions resulting from its inspections.[18]

Without processes to help ensure it complies with Small Business Bill of Rights requirements, the Commission increases the risk that its enforcement actions are challenged and that small businesses are not made aware of their rights or the status of the Commission's enforcement actions.

14 A.R.S. §§41-1001, 41-1001.01, and 41-1009.

15 We judgmentally reviewed 4 of 571 occupational safety and health inspections the Commission conducted in calendar year 2024 based on stakeholder input, and we randomly reviewed 3 of 96 occupational safety and health inspections the Commission conducted between January 2025 and June 2025.

16 Our review of a sample of 7 of 667 occupational safety and health inspections found that the Commission took up to 5 months from when it completed an inspection to notify employers of Commission meetings regarding possible citations. See footnote 15 for more information about our sample of occupational safety and health inspections.

17 The Commission reported that its action resulting from an inspection is complete when it issues a citation.

18 A.R.S. §41-1009(P)(2) indicates that if the Commission fails to provide written materials or monthly updates to small businesses, judges and administrative law judges must consider the noncompliance as grounds for reduction of any fine or civil penalty.

Table 2

Commission has not provided all required information, written materials, and updates to small businesses consistent with Small Business Bill of Rights requirements

Small Business Bill of Rights statutory requirements	Has the Commission complied with requirement?
Provide written materials at the initiation of an inspection to representatives of small businesses outlining their rights[1]	Yes
Describe the process by which a small business can file a Small Business Bill of Rights complaint on its website and in written materials[2]	No
Provide small businesses with a monthly update on the status of any action resulting from an inspection[3]	No

1 A.R.S. §§41-1001.01 and 41-1009 require the Commission to provide written materials to representatives of small businesses outlining various rights at the initiation of an inspection.

2 A.R.S. §41-1001.01(C) requires the Commission to create and clearly post on its website Small Business Bill of Rights information that describes the process by which a small business may file a complaint with the Commission employees who are designated to assist members of the public or regulated community, including the contact information of the Commission's designated employees. Additionally, A.R.S. §§41-1001.01 and 41-1009 require the Commission to provide written materials to representatives of small businesses at the initiation of an inspection outlining various rights, including the previously mentioned complaint-handling information.

3 A.R.S. §41-1009(J) requires the Commission to provide small businesses with an update on the status of any action resulting from an inspection once every month after the commencement of the inspection until either the employer is notified that no agency action will result from the inspection or the completion of action resulting from the inspection.

Source: Auditor General staff review of Commission policies and procedures, the Commission's Small Business Bill of Rights written materials and webpage, and a sample of 7 of 667 Commission occupational safety and health inspections the Commission conducted between January 2024 and June 2025.

Has improved its timeliness in adopting changes to federal occupational safety and health standards and directives within federally required time frames but lacks written policies and procedures that document its process for doing so

The Commission has made improvements in its timely adoption of changes to federal occupational safety and health directives and standards but lacks written policies and procedures on its reported process for doing so, risking that it will not sustain its timely adoption of these changes. Federal regulations require the Commission to update its occupational safety and health program generally within 6 months of OSHA notifying the Commission of a change to the federal program that is more effective or stringent than existing standards or directives (federal program change).[19] OSHA can revoke its approval of state occupational safety and health programs if it determines that a state's program is not as effective as OSHA requires, such as when a state has not adopted federal program changes. In April 2022, OSHA initiated the revocation process for Arizona's occupational safety and health program due, in part, to the Commission's incomplete

19 29 CFR 1953.2(h), 29 CFR 1953.4(b), and 29 CFR 1953.5(a).

adoption of federal program changes. OSHA withdrew its revocation proposal of Arizona's occupational safety and health program in February 2023 after the Commission addressed OSHA's concerns, including adopting various outstanding federal program changes.

The Commission reported that it is generally notified when OSHA makes federal program changes through a federal website and that when the Commission adopts a program change, it sends a memorandum of implementation to its staff informing them of the changes. Our review of the 4 federal program changes OSHA entered into the federal website from December 2024 to May 2025 found that the Commission had adopted the changes within 6 months of their entry into the federal website. However, the Commission lacks written policies and procedures on its reported process for adopting federal program changes, risking that it will not sustain its timely adoption of federal program changes.[20]

Made improvements to help ensure it complies with federal grant requirements but lacks written policies and procedures outlining these processes for some areas we reviewed

Our review of the Commission's processes for complying with various federal grant requirements found that it has made improvements to help ensure it complies with some of these federal requirements, such as fully utilizing grant monies and correctly allocating grant costs, but has not formalized its processes for some areas we reviewed, risking that it does not sustain its improvements and that previous issues recur. Specifically, OSHA awards monies to the Commission through a grant for enforcing occupational safety and health standards in public and private sector workplaces (enforcement program) and a grant for providing free safety consultations, education, and training services to employers and employees (consultation program).

Our review of the Commission's grant-management processes found that the Commission:

- **Has implemented processes for fully utilizing its grant monies but has not developed policies or procedures that reflect its reported processes**

  The Commission had issues with utilizing the full amount of its federal grant monies and reported that it lost $450,000 in grant monies from OSHA in federal fiscal year 2019 and $224,000 in grant monies in federal fiscal year 2020 because it did not fully utilize the monies it was awarded.[21,22] The Commission has implemented processes to ensure that it consistently and fully utilizes its federal grant monies.[23,24] For example, the Commission created an occupational safety and health liaison position within its accounting section in fiscal year 2024 to assist with budget development, monitoring expenditures, and keeping the Arizona Division of Occupational Safety and Health

20 The Commission reported that, as of April 2026, it was not aware of what its process was for adopting federal program changes when OSHA initiated the revocation process for Arizona's occupational safety and health program.

21 OSHA's federal grant monies are provided on a reimbursement-basis, and the Commission's loss of these monies represented a decrease in the federal grant monies it was awarded.

22 OSHA can reduce future grant awards if the Commission does not fully utilize its federal grant monies in 3 consecutive federal fiscal years.

23 The Commission reported that, 6 months into the federal fiscal year, OSHA contacts the Commission to inquire if it will utilize the full grant award amounts or if the Commission will lose unutilized monies to OSHA.

24 From federal fiscal years 2021 through 2025, the Commission fully utilized its awarded federal grant monies.

(ADOSH) apprised of the current financial status of its grant monies. Additionally, the Commission reported that its accounting staff meet regularly with ADOSH management to help ensure ADOSH fully utilizes the federal grant monies. However, the Commission has not formalized its reported processes, such as through written policies and procedures, increasing the risk that the Commission does not fully utilize these monies, which could result in OSHA reducing future grant awards.

- **Has developed processes to help ensure it appropriately allocates expenses to its federal grants but has not developed policies and procedures that reflect its reported process**

  Federal regulations require that recipients of federal grant monies, such as the Commission, use the federal grant monies for the specific purposes for which they are issued.[25] However, OSHA's federal fiscal year 2024 financial audit of the Commission's occupational safety and health program found that the Commission had not appropriately allocated $1,146 in travel and contract costs to its grants and had allocated some salary costs to its grants based on predetermined percentages without documentation to support these percentages, preventing OSHA from determining if compensation requirements were followed.

  The Commission has developed processes to help ensure that grant monies are spent only on expenses allowed by each grant. For example, when submitting purchase requests, such as for inspection equipment, ADOSH staff utilize function codes that are specific to each grant, and the Commission reported that ADOSH supervisors are responsible for reviewing time sheets to ensure that hours worked are accurately allocated to the appropriate grant. However, as of December 2025, the Commission lacks policies or procedures outlining its reported processes for creating occupational safety and health purchase requests, allocating hours to its grants, or supervisory review of time sheets, risking that it does not sustain its processes.

- **Is in the process of developing further controls for separating its occupational safety and health enforcement and consultation programs to ensure compliance with federal grant requirements**

  The Commission's grant agreement for its consultation program requires that the Commission restrict enforcement staff from having access to consultation program documentation. Our December 2025 review of ADOSH workspaces at the Commission's Phoenix office found that although consultation and enforcement program staff had access to workspaces utilized by both programs, the Commission had implemented some restrictions to maintain the separation of the enforcement and consultation programs, such as requiring a badge to access enforcement equipment and requiring staff to sign out vehicles that are specific to the consultation and enforcement sections. The Commission's IT system also restricts enforcement program staff from accessing consultation documentation through user-specific roles that restrict staff access to specific documents.

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25 2 CFR 200.303 and 2 CFR 200.403.

Additionally, the Commission reported that as of April 2026, it was in the process of moving its consultation and enforcement program staff to different floors of its Phoenix office to implement further restrictions to maintain the separation of the 2 programs.

- **Provided employers with documentation detailing safety and health hazards needing correction within federally required time frames for 19 of 20 consultation visit requests we reviewed but did not consistently track or monitor that the documentation was provided to employers**

Our review of a sample of 20 of 951 consultation visit requests the Commission received in fiscal years 2024 and 2025 found that the Commission provided documentation detailing hazards in need of correction (hazard documentation) to employers within 20 federal working days for 19 of 20 consultation visits we reviewed, as required by OSHA (see Introduction, page 2, for more information on the Commission's consultation program).[26,27,28] The Commission took 50 federal working days to provide the employer with hazard documentation for the 1 consultation visit we reviewed where the Commission was untimely. Although the Commission generally provided the hazard documentation to employers within the federally required time frame, the Commission did not consistently track whether it timely provided the documentation to the employer. For example, 19 of 20 consultation visit requests we reviewed did not include a date in the Commission's IT system indicating if and/or when the Commission provided hazard documentation to employers. The Commission reported that the missing dates were due to consultation program staff not entering the date hazard documentation was provided to employers into the Commission's IT system.[29] Additionally, as of March 2026, the Commission did not monitor staff timeliness in providing hazard documentation to employers within 20 federal working days, increasing the risk that the Commission does not provide hazard documentation to employers within the federally required time frame.

- **Has taken action to address some federal evaluation findings related to its occupational safety and health program but had not yet addressed findings related to timely handling of complaints, conducting occupational safety and health inspections, and maintaining key inspection documentation**

Our review of OSHA's federal fiscal year 2024 followup evaluation of the Commission's occupational safety and health program and the Commission's corrective action plan submitted in response to the evaluation found that, as of July 2025, the Commission had not yet addressed 4 of 8 findings issued in OSHA's federal fiscal year 2023 evaluation (see

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26 Our review found that a consultation visit may assess compliance with occupational health and safety requirements for multiple employers located at the same worksite, such as when a worksite has multiple contractors and/or subcontractors. As such, hazard documentation is provided to each employer of the worksite.

27 We reviewed a judgmental sample of 10 consultation visits, including 1 of 130 consultation visits that included a date hazard documentation was provided to all employers associated with the consultation visit and 9 of 821 consultation visits that did not include a date that hazard documentation was provided for all associated employers. Additionally, we reviewed a random sample of 10 of the remaining 812 consultation visits that did not include a date that hazard documentation was provided for all associated employers.

28 OSHA provides federal guidance in its *Consultation Policies and Procedures Manual* that includes the 20-federal-working-day time frame for hazard documentation to be provided to employers. The Commission uses OSHA's *Consultation Policies and Procedures Manual* to administer its consultation program.

29 In response to our audit, the Commission reported that, as of November 2025, it provided training to consultation staff on entering the dates the hazard documentation is provided to employers into its IT system.

textbox for more details on the 4 findings the Commission had not addressed).[30,31,32,33] For example, OSHA's federal fiscal year 2024 followup evaluation found the Commission's untimeliness in initiating on-site inspections and off-site investigations of workplaces in response to occupational safety and health complaints increased from its federal fiscal year 2023 evaluation.[34,35]

OSHA's federal fiscal year 2024 followup evaluation found the Commission had not addressed all findings from its federal fiscal year 2023 evaluation

OSHA's federal fiscal year 2024 followup evaluation found that the Commission had not yet addressed 4 findings from its federal fiscal year 2023 evaluation, including:

- The Commission's time frames to initiate on-site inspections and off-site investigations of workplaces in response to occupational safety and health complaints were above the time frame goals OSHA and the Commission established and negotiated.[1,2]
- The Commission did not meet its goal of conducting 1,175 workplace inspections and conducted only 616 of 1,175 (52%) workplace inspections.
- The Commission did not maintain key inspection documentation in inspection files verifying that employers had addressed violations identified during inspections in 6 of 39 workplace inspections OSHA reviewed.[3]

1 OSHA issued 2 findings related to the Commission's time frames to initiate on-site inspections and off-site investigations of workplaces. According to the Commission's policies and procedures, an on-site inspection is an on-site review of an employer's worksite in response to an occupational safety and health complaint. An off-site investigation is an off-site review of the workplace in response to an occupational safety and health complaint where the employer is notified of hazards alleged in the complaint and the Commission requests a response from the employer.

2 OSHA and the Commission negotiate the time frame goals for the Commission to initiate workplace inspections and investigations in response to occupational safety and health complaints.

3 OSHA's federal fiscal year 2023 evaluation examined 39 randomly selected safety and health inspection files from closed inspections the Commission conducted during the federal fiscal year.

Source: Auditor General staff review of OSHA's federal fiscal year 2024 followup evaluation of the Commission and the Commission's occupational safety and health enforcement program policies and procedures.

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30 Pursuant to 29 CFR 1954.1(a)-(b), OSHA conducts evaluations of the occupational safety and health programs established by each state approved to administer its own program (see Sunset Factor 7, pages 53 through 54, for more information on state occupational safety and health programs).

31 As of February 2026, the Commission's most recent federal evaluations were completed for federal fiscal years 2023 and 2024.

32 OSHA's federal fiscal year 2024 followup evaluation examined the Commission's progress toward resolving the findings from its federal fiscal year 2023 evaluation. Additionally, OSHA completed a special study of the Commission in May 2024 and found the Commission had not effectively managed its inspection files, complaints, or issuance of citations, and OSHA reported in its federal fiscal year 2024 followup evaluation that these findings had been addressed.

33 OSHA's federal fiscal year 2024 followup evaluation also examined the Commission's average number of violations identified during occupational safety and health inspections, classification of the violations identified during inspections, and average penalty amounts and did not issue findings related to the Commission's classifications or penalty amounts. According to OSHA's federal fiscal year 2024 followup evaluation, OSHA will continue to evaluate the Commission's classification and number of violations identified during occupational safety and health inspections in its federal fiscal year 2025 evaluation.

34 OSHA's federal fiscal year 2023 evaluation found the Commission's average time frame to initiate on-site inspections was approximately 10 days, and the Commission's average time frame to initiate off-site investigations was approximately 13 days. OSHA's federal fiscal year 2024 followup evaluation found the Commission's average time frame to initiate on-site inspections increased to approximately 43 days, and the Commission's average time frame to initiate off-site investigations increased to approximately 111 days.

35 According to OSHA's federal fiscal year 2024 followup evaluation, the Commission's increased untimeliness for initiating on-site inspections and off-site investigations in response to occupational safety and health complaints resulted from the Commission's action to resolve a backlog of over 1,000 occupational safety and health complaints OSHA identified during its May 2024 special study.

In August 2025, the Commission submitted a corrective action plan to OSHA in response to the federal fiscal year 2024 followup evaluation, and the Commission reported in its corrective action plan that it would implement or has implemented corrective actions to address the findings.[36] Specifically, the Commission reported it negotiated new time frame goals with OSHA for initiating on-site inspections and off-site investigations, hired additional enforcement program inspectors, created an internal training program to reduce the time it takes for inspectors to be able to conduct workplace inspections independently, and implemented monthly audits to ensure that documentation verifying employers have addressed violations identified during workplace inspections is maintained in its files.[37] According to the Commission's corrective action plan, as of July 2025, the findings from OSHA's federal fiscal year 2024 followup evaluation had not been addressed or had not been verified by OSHA as being addressed. The Commission reported that OSHA will follow up on the federal fiscal year 2024 findings and the Commission's reported corrective actions during OSHA's federal fiscal year 2025 evaluation.[38]

Finally, we identified deficiencies in some Commission processes we reviewed.

Specifically, the Commission:

- **Has initiated efforts to improve leadership oversight of its conveyance regulatory program but has not implemented several recommended practices for its conveyance regulatory program, increasing public safety risks**

  Although the Commission has initiated efforts to improve its leadership's oversight of its conveyance regulatory program in response to issues it identified prior to our audit, our review found that the Commission has not implemented several regulatory recommended practices for its conveyance program, increasing the risk it does not adequately protect citizens who use the approximately 15,700 conveyances the Commission is responsible for regulating.[39] Specifically, in August 2025, the Commission began pursuing statutory changes to remove its conveyance program from ADOSH and establish it as an independent division within the Commission in order to correct issues it identified with its oversight of its conveyance regulation responsibilities.[40,41] Additionally, we identified that the conveyance program's placement within ADOSH may have impacted the

36 OSHA requires the Commission to submit a corrective action plan by September 30 of each year, and as of March 2026, the Commission's corrective action plan submitted in response to OSHA's federal fiscal year 2024 followup evaluation provided the most recent status of the Commission's corrective actions.

37 The Commission reported in its corrective action plan that it expected to increase the number of workplace inspections completed per month in January 2026; assess the resources available to conduct complaint inspections weekly and determine if it has the resources available to conduct complaint inspections within a reasonable amount of time, as of May 2025; and establish an intake team to handle all off-site investigations in response to occupational safety and health complaints and was in the process of hiring additional staff to assist the intake team with these investigations.

38 The Commission reported OSHA's federal fiscal year 2025 evaluation will be published in summer 2026.

39 See Introduction, pages 2 through 3, for more information about the Commission's responsibilities related to regulating conveyances and pages 26 and 29 for issues we identified with the Commission's conveyance data.

40 A.R.S. §23-491.01 requires the Commission to administer its conveyance responsibilities through ADOSH.

41 The Commission identified several issues with the conveyance regulatory program's statutory establishment within ADOSH, including that program information must first go through ADOSH management before it is reported to the Commission's director, and that most ADOSH staff, including the ADOSH director, do not have specific expertise in conveyance regulation because their primary responsibilities are related to workplace/occupational safety and health. For example, ADOSH reports 56 different monthly performance metrics to the Commission director, and only 2 of these metrics are related to the performance of the conveyance program.

Commission's prioritization of its conveyance program. Specifically, the conveyance program's placement within ADOSH could have impacted the Commission's program prioritization because the Commission's occupational safety and health program, administered by ADOSH, receives federal grant monies and is subject to evaluation by OSHA, but the Commission's conveyance program is not evaluated by nor does it receive monies from OSHA (see pages 21 through 23 for more information about OSHA's evaluations of the Commission and pages 19 through 21 for more information about the Commission's grant funding). Therefore, the Commission may have prioritized its occupational safety and health program because it receives federal funding for this program. In June 2026, the Legislature passed and the Governor signed legislation to revise the Commission's statutes to remove its conveyance program from ADOSH and establish it as an independent division within the Commission.[42]

However, our review of the Commission's website, conveyance data, conveyance-inspection documentation associated with a sample of 30 of 15,673 conveyances listed as operational in the Commission's data (operational conveyances) as of October 2025, and interviews with Commission staff found the Commission has not implemented several regulatory recommended practices from the National State Auditors Association (NSAA), in addition to the oversight issues the Commission identified (see textbox, page 25, for more information about the recommended practices for regulatory programs the Commission has not implemented).[43,44]

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42 Effective September 12, 2026, Laws 2026, Ch. 73, revised the Commission's statutes to remove the conveyance and boiler programs from ADOSH and establish them as independent divisions within the Commission.

43 We reviewed a judgmental sample of 10 conveyances, selected based on information in Commission data, including the 5 conveyances that Commission data indicated had gone longest without an inspection, 4 conveyances Commission data indicated were last inspected in calendar years 2021 through 2024, and 1 conveyance located at a private residence. Additionally, we subsequently removed conveyances from Commission data that the Commission indicated were temporary and reviewed a random sample of 20 of the remaining 14,926 conveyances included in the data (see pages 26 and 29 for more information on issues we found with the Commission's conveyance data).

44 National State Auditors Association. (NSAA).(2004). Carrying out a state regulatory program. Retrieved 4/16/2026 from https://www.nasact.org/files/News_and_Publications/White_Papers_Reports/NSAA%20Best%20Practices%20Documents/2004_Carrying_Out_a_State_Regulatory_Program.pdf

Commission has not implemented several NSAA recommended practices for regulatory programs in its conveyance regulatory program

NSAA recommended practices that the Commission has not implemented in its conveyance regulatory program include:

- **Identifying and educating the regulated community, such as by:**
    - Identifying all people/entities required to be regulated.
    - Educating the regulated community about regulatory requirements and making this information available on the agency's website.
- **Developing a systematic inspection process to ensure the regulated community is following requirements and that the public is adequately protected, such as by:**
    - Establishing a risk-based periodic inspection schedule, including unannounced inspections.
    - Documenting the results of inspections, including violations found and their severity, and maintaining a record of inspection results for future inspections.
    - Tracking inspections conducted, violations found, and actions taken to ensure violations are addressed appropriately.
- **Establishing a systematic process for handling complaints, such as by:**
    - Establishing a method for receiving complaints and including information on the agency's website about its complaint-handling investigation authority and process.
    - Establishing guidelines for screening complaints.
    - Tracking and overseeing complaints, and maintaining a record of complaints received, to ensure they are addressed appropriately.
- **Developing a systematic, fair, and progressively stringent enforcement process to ensure that the public is adequately protected, such as by:**
    - Taking appropriate, consistent, and timely enforcement actions that address violations.
    - Following up as needed to determine whether violations have been corrected.
- **Systematically analyzing program-related information and making appropriate adjustments to improve the program's effectiveness and efficiency, such as by:**
    - Evaluating the reliability of the program's data, the nature and volume of complaints received, and the adequacy and consistency of inspections and enforcement actions.
    - Adopting policies needed to help ensure the program is operating as intended.

Source: Auditor General staff review of the Commission's conveyance regulatory program and NSAA, 2004.

Specifically, the Commission:

- **Has not identified all conveyances it is responsible for regulating or provided education about its conveyance regulatory program on its website to ensure that all conveyance owners understand and can be held accountable to the requirements for safely operating their conveyances**

  The Commission lacks an accurate listing of all operational conveyances that it is responsible for regulating, and it has not provided education to the regulated community about key requirements that are important for public safety.

  For example:

  - The Commission's data on operational conveyances included 3 conveyances we reviewed that were either out of service or were never installed.[45] Further, the Commission's data included duplicate conveyances that were listed more than once.

  - As of March 2026, the Commission's conveyance program webpage did not outline or explain key statutory conveyance requirements, such as owners having their conveyances inspected after installation and annually thereafter and annually obtaining a certificate of inspection to operate their conveyance (operating certificate) from the Commission.[46]

  Absent accurate identification of all conveyances it is responsible for regulating or information on its website about conveyance requirements, the Commission increases the risk that conveyance owners are unaware of and/or do not comply with these requirements, which are intended to ensure their conveyances are safe to operate.

- **Has not established a risk-based periodic inspection schedule or accurately tracked and documented conveyance inspections, including inspection results, to help ensure the regulated community is following requirements and that the public is adequately protected**

  As of December 2025, the Commission lacked a schedule of inspections or list of all conveyances it is responsible for inspecting prioritized by risk. Additionally, we found the Commission had not accurately tracked or documented its inspections for 10 of the 30 conveyances we reviewed.

  For example, the Commission:

  - Had incorrect inspection dates in its data for 9 conveyances we reviewed, including listing dates inspections were completed for 2 conveyances that the Commission reported did not actually receive inspections.

  - Did not document the outcome of its inspection—whether it issued an operating

[45] As discussed above, we reviewed a sample of 30 of 15,673 operational conveyances as of October 2025.

[46] A.R.S. §§23-491.02 and 23-491.07.

certificate—for 1 conveyance we reviewed, despite the inspection not identifying safety concerns.[47]

- Did not document in inspection files why it conducted an inspection for all conveyance inspections we reviewed, such as whether it was at the request of a conveyance owner, in response to a complaint, or at the Commission's initiative—and we were therefore unable to corroborate the Commission's statement that it prioritizes inspections that result from a public complaint.

Absent establishing an inspection schedule and accurately tracking and documenting conveyance inspections, the Commission risks that the regulated community is not following requirements and that the public is not adequately protected. For example, documenting inspection results and why inspections occurred could help the Commission identify riskier conveyances that have a history of noncompliance.

- **Has not provided information on its website to help ensure it receives all complaints or established a process for receiving, screening, and tracking all complaints it receives**

As of April 2026, the Commission's conveyance program webpage had no information about conveyance complaints, such as how members of the public can submit complaints, a description of the Commission's authority to investigate complaints and its complaint-handling process, or descriptions of the types of allegations or violations that members of the public should submit to it.[48]

Additionally, the Commission:

- Lacked a formalized process for screening complaints it received, prior to March 2026, despite statute requiring the Commission to investigate a complaint after determining if there are reasonable grounds to believe an alleged violation exists.[49,50] In response to our audit, the Commission developed policies and procedures in March 2026 for its conveyance complaint-handling process that require staff to screen complaints based on the Commission's jurisdiction, but its policies and procedures do not outline requirements for screening complaints based on the alleged violations.

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47 As discussed in the Introduction, page 3, A.R.S. §23-491.07 requires the Commission to issue a certificate of inspection for conveyances that are inspected and have no safety issues or after the conveyance owner appropriately addresses any safety issues identified.

48 The Commission reported that it can receive conveyance complaints through email, phone, or complaint forms specific to the Commission's occupational safety and health program. However, the occupational safety and health program's complaint form does not include a field for complainants to indicate if a complaint is related to conveyances. As of March 2026, the Commission reported that it was in the process of implementing a conveyance complaint form on its website.

49 A.R.S. §23-491.08(B).

50 Prior to March 2026, the Commission reported that when it received a conveyance complaint, conveyance program management would discuss the complaint to determine whether an investigation should be conducted.

- Does not track the number or status of complaints it receives. For example, the Commission provided a list of inspections it conducted between calendar years 2006 and 2026 in response to complaints, which did not include any complaints it received that did not result in an inspection. Further, the list of complaints the Commission provided indicates it conducted 155 inspections in response to conveyance complaints between calendar year 2006 and February 2026—an average of less than 8 complaints per year, despite the Commission's conveyance data indicating that it is responsible for regulating approximately 15,700 conveyances in the State.[51]

Without informing the public of its conveyance complaint-handling responsibilities or establishing a process for receiving, screening, or tracking all complaints it receives, the Commission increases the risk that complaints alleging conveyance safety violations are not reported to it and that it does not identify and correct conveyance violations that pose public safety risks.

- **Has not taken appropriate or consistent enforcement action in response to violations it identified and has not followed up on some enforcement actions as needed to help ensure that identified violations are corrected**

We found the Commission did not take appropriate and/or consistent enforcement action to address violations of required conveyance standards in 8 of 30 conveyance inspection files we reviewed.

For example, the Commission:

- Did not issue correction orders for 2 conveyances despite identifying violations during these inspections, including for a door gap being too wide, inconsistent with its statutory requirement to issue citations for violations it identifies (see textbox for more information about correction orders).[52]

Key term

Correction order: The Commission's enforcement action outlining corrective actions conveyance owners should take to eliminate violations identified in an inspection, such as corrections, repairs, improvements, changes, or additions.

Source: Auditor General staff review of A.R.S. §23-491.09.

- Did not condemn 1 conveyance despite identifying a malfunctioning emergency alarm that the Commission reported should have resulted in a conveyance's condemnation and immediate cessation of use. Instead, it allowed the conveyance to remain in use and issued a correction order.[53]

[51] Our review of documentation associated with the 1 complaint the Commission reported it received in December 2025 found that the Commission inspected the conveyance and did not identify violations.

[52] A.R.S. §23-491.09.

[53] Commission documentation indicates that the conveyance owner abated this violation 96 days after the correction order was issued, despite the correction order indicating that the violation should have been abated within 30 days.

- Lacked documentation indicating conveyance owners acknowledged identified violations or that the Commission took any followup action to ensure the violations were corrected for 5 inspections that identified violations.[54]

Without taking appropriate or consistent enforcement action or following up on enforcement actions as needed, the Commission risks that identified violations that pose public safety risks, such as malfunctioning emergency alarms, are not corrected.

- **Has not evaluated the accuracy of its conveyance program's data, the nature and volume of conveyance complaints it receives, or the adequacy and consistency of its inspections, or adopted comprehensive policies and procedures to help ensure the program is operating as intended to safeguard the public**

As of October 2025, the Commission had not evaluated the accuracy of its conveyance program's data, the nature and volume of complaints it receives, or the adequacy and consistency of its inspections, and had not adopted comprehensive policies and procedures for its conveyance program.

For example, the Commission:

- Lacks accurate data regarding the operational status, last inspection date, and number of conveyances it is responsible for regulating (see page 26 for examples of issues we identified with the Commission's data).
- Does not track the nature or volume of conveyance complaints it receives or perform regular supervisory review of its inspections to evaluate their adequacy and consistency.
- Has not adopted written policies and procedures outlining many of its reported regulatory practices, such as when to condemn a conveyance.[55]

Without evaluating its data and information about its regulation of conveyances or adopting policies, the Commission cannot help to ensure that its conveyance regulatory program is operating as intended to safeguard the public.

- **Has not always issued administrative law judge case decisions or held initial administrative law judge hearings within statutorily required time frames, delaying some claimants' workers' compensation benefits**

Our review of a sample of 9 of 182 administrative law judge cases the Commission received in fiscal year 2025, which exceeded statutorily required time frames for issuing case decisions according to Commission-provided data, found that the Commission

54 The Commission identified various violations during these 5 inspections such as a nonfunctioning elevator door restrictor, which is a safety device that prevents passengers from opening elevator doors when the car is not at a landing, reducing the risk of falls and injuries, and an owner lacking a maintenance program for an elevator as required by the Commission's standards and which can help identify and correct potential safety issues, such as worn or malfunctioning parts.

55 As discussed on pages 27 through 28, the Commission developed some policies and procedures regarding complaint-handling processes in response to our audit.

did not always make case decisions or hold initial hearings within statutorily required time frames (see Introduction, page 7, for more information on the responsibilities of the Commission's Administrative Law Judge Division).[56]

Specifically, contrary to statute, the Commission:

- **Did not hold initial hearings for administrative law judge cases involving workers' compensation benefits within 60 days for the 2 cases we reviewed**

  Our review of 2 cases that were required to have initial hearings held within 60 days of receiving notice of a case from our previously discussed sample of 9 cases found that the Commission held initial hearings for these 2 cases 79 days and 99 days after receiving notice of the cases, respectively, potentially delaying decisions related to claimants' benefits.[57,58] The Commission reported that the most common reason initial hearings are not held within the statutorily required time frame is due to continuances requested by interested parties but also reported that delays may occur because of its practice to prioritize holding further hearings in other ongoing cases over initial hearings.[59,60] However, the Commission lacks guidance for staff outlining under which specific circumstances further hearings should take priority over initial hearings. Additionally, the Commission does not systematically track the causes of delays for holding initial hearings to determine how frequently initial hearings are delayed due to reasons within or outside of its control, such as continuances requested by a party in the case, as allowed by rule.[61] Systematically tracking the causes of delays for initial hearings could assist the Commission in identifying and resolving delays within its control and complying with the statutory time frame to hold initial hearings for these cases.

- **Did not make decisions within 30 days for 6 of 9 workers' compensation benefits cases we reviewed, delaying some claimants' workers' compensation benefits**

  Statute requires the Commission's administrative law judges to make decisions on cases no later than 30 days after a case has been submitted for a decision.[62] For 6 of 9 administrative law judge cases we reviewed, the Commission's administrative law judges took between 35 to 161 days after the cases were submitted for a decision to

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56 According to Commission data, the Commission received 6,068 administrative law judge cases in fiscal year 2025. We judgmentally reviewed 2 of 182 cases that exceeded the statutory time frame for issuing case decisions by the greatest number of days according to the Commission-provided data, as of November 2025. We also reviewed a random sample of 7 of the remaining 180 cases that exceeded the statutory time frame for issuing case decisions according to the Commission-provided data.

57 A.R.S. §23-1061(J) requires the Commission to hold initial hearings within 60 days of receiving notice of cases involving claimants who were not granted workers' compensation benefits to which they were entitled.

58 In both cases, the Commission awarded claimants workers' compensation benefits.

59 For 1 of the cases, the Commission reported it did not hold an initial hearing within the required time frame because the case was not filed pursuant to the statute, but it later updated the case after administrative law judge division staff reviewed it to reflect that the case should have been filed pursuant to this statutory requirement. For the additional 1 case, the Commission reported it could not determine why it did not hold an initial hearing within the statutorily required time frame.

60 The Commission reported it prioritizes holding further hearings in other ongoing cases over initial hearings because the further hearings are scheduled based on the availability of testifying experts, such as medical professionals.

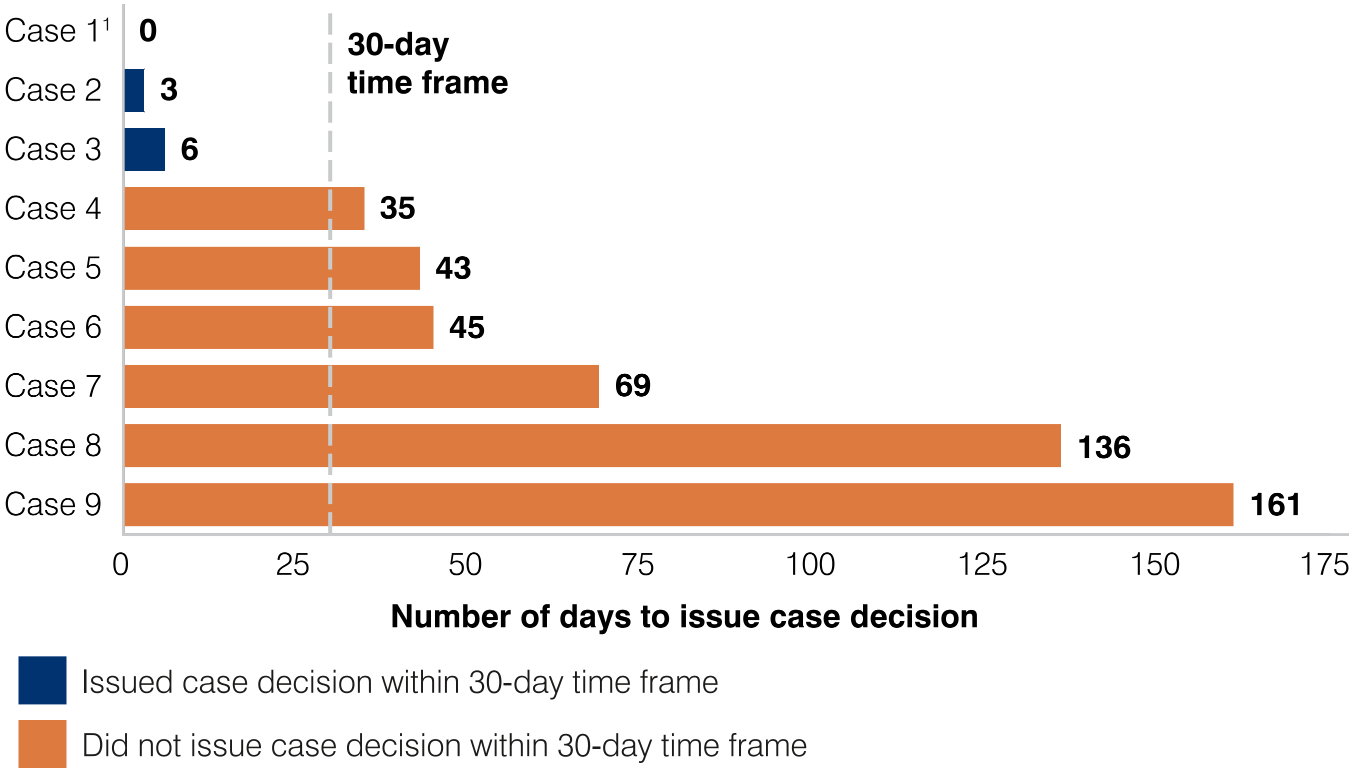
61 According to AAC R20-5-229(A),(D), a party in the case may request a continuance of a scheduled hearing, and an administrative law judge may, on the judge's own motion, continue a hearing.

62 A.R.S. §23-942(A).

make case decisions (see Figure 1 for more information on when the Commission's administrative law judges made decisions in each of these cases).[63] For 5 of 6 cases where the Commission made untimely case decisions, claimants were awarded workers' compensation benefits, such as medical, surgical, and supportive care benefits, which were delayed because the Commission's administrative law judges did not make the case decisions within the statutorily required time frame.

Figure 1

The Commission took more than 30 days to make case decisions for over half of the administrative law judge cases we reviewed, contrary to statute



[1] The Commission's administrative law judge made the decision for this case in a separate administrative law judge case. We reviewed the case in which the decision was made and found the Commission's administrative law judge made the decision on the same day the case was submitted for a decision to the administrative law judge.

Source: Auditor General staff review of Commission-provided documentation associated with our sample of 9 of 182 administrative law judge cases the Commission received in fiscal year 2025 that exceeded statutorily required time frames for issuing case decisions according to Commission-provided data.

[63] Although the Commission's administrative law judges handle various types of cases, such as cases involving disputes of youth employment, wages, and earned paid sick time, the cases we reviewed were all disputes related to workers' compensation benefits.

The Commission reported it intends to pursue statutory changes to increase the time administrative law judges have to issue case decisions from 30 days to 45 days after case submission to reflect what it believes is a more reasonable time frame for administrative law judges to make case decisions (see Sunset Factor 9, page 58, for more information on the Commission's intended changes). However, the Commission did not make case decisions within 45 days for 3 of 6 cases with untimely decisions in our review, and the Commission reported that case decisions may be delayed because of case volume and complexity. As of April 2026, the Commission does not systematically track the causes of delays for making case decisions to determine the reasons case decisions are delayed, which could assist the Commission in identifying and resolving delays and complying with the statutory time frame for making case decisions.

Additionally, 3 of 9 administrative law judge cases we reviewed had inaccurate submission and/or award dates in the Commission's fiscal year 2025 case data, and the Commission reported that administrative law judge division staff had erroneously entered these inaccurate dates into its IT system.[64] Although the Commission reported it monitors case decisions monthly, inaccurate submission and award dates may prevent the Commission from accurately monitoring its compliance with the statutory time frame for making case decisions.

Has not complied with federal requirements to ensure at least 1 enforcement program inspector is trained to inspect workplaces for 2 of 4 hazardous industries we reviewed, increasing the risk that safety and health hazards are not identified

Our review of 4 of 6 OSHA National Emphasis Programs requiring the Commission to have at least 1 enforcement program inspector trained to conduct workplace inspections in specific hazardous industries found that, as of March 2026, the Commission has not complied with OSHA's training requirements for 2 of 4 programs we reviewed (see textbox, page 33, for more information on OSHA's National Emphasis Programs).[65,66] The Commission reported that it has not met OSHA's training requirements for the 2 National Emphasis Programs due, in part, to limitations in the number of training classes OSHA offers each year. As of March 2026, the Commission reported it was in the process of developing its own training program and hiring an internal trainer to help ensure enforcement program inspectors receive required training. By not ensuring at least 1 enforcement program inspector has completed all required training for these National Emphasis Programs, the Commission increases the risk that an untrained enforcement inspector conducts a workplace inspection in these hazardous industries and that safety and health hazards are not identified.

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64 Although the Commission's data indicated these 3 administrative law judge cases had untimely case decisions, our review found the case decisions were timely issued within 30 days.

65 As of December 2025, OSHA's website listed 12 National Emphasis Programs, and our review found 6 of these 12 require the Commission to adopt the program and ensure at least 1 enforcement program inspector has completed required training. We judgmentally selected 4 of the 6 National Emphasis Programs that require the Commission to adopt the program and ensure at least 1 enforcement program inspector has completed required training. We judgmentally selected 3 National Emphasis Programs based on when they were published and 1 National Emphasis Program based on stakeholder input.

66 Although the Commission reported it conducts inspections of workplaces covered by each National Emphasis Program we reviewed, as of March 2026, the Commission did not have at least 1 enforcement program inspector who has completed OSHA's training requirements for the Process Safety Management Covered Chemical Facilities and Respirable Crystalline Silica National Emphasis Programs.

OSHA's National Emphasis Programs we reviewed focus on reducing worker exposure to hazards in specific industries

The OSHA National Emphasis Programs we reviewed focus on reducing worker exposure to occupational safety and health hazards through inspections of workplaces in specific hazardous industries, including chemical manufacturing, agricultural and food processing, and concrete manufacturing.[1] According to OSHA, the National Emphasis Programs we reviewed cover various workplaces, such as hardware stores, electric power generation facilities, and alfalfa-processing facilities, and there have been numerous deaths of workers in some of the hazardous industries.[2]

1 We reviewed the Process Safety Management Covered Chemical Facilities, Revised Combustible Dust, Respirable Crystalline Silica, and Warehousing and Distribution Center Operations National Emphasis Programs.

2 According to OSHA, there have been numerous deaths of workers related to its Process Safety Management Covered Chemical Facilities and Revised Combustible Dust National Emphasis Programs.

Source: Auditor General staff review of OSHA's National Emphasis Programs website and OSHA's instructions for these 4 National Emphasis Programs.

Did not develop required State information technology (IT) security and data procedures or comply with some State IT policy requirements

As of October 2025, the Commission had not developed some of the 17 Arizona Department of Homeland Security's required IT security and data procedures or complied with some Arizona Department of Homeland Security State-wide IT policies.[67,68] For example, as of October 2025, the Commission lacked agency-specific procedures for performing risk assessments and had not performed an agency-wide IT risk assessment, inconsistent with Arizona Department of Homeland Security requirements.[69,70] Without an effective IT risk-assessment process, the Commission may not be able to adequately identify and mitigate weaknesses or risks to protect sensitive data or critical IT systems. Further, as of October 2025, the Commission lacked procedures for performing agency-wide data classification and had not classified all of its data as either public or confidential, inconsistent with Arizona Department of Homeland Security requirements.[71] By not classifying all data within its IT systems, the Commission may not be able to ensure that sensitive data, such as confidential information, is protected from loss, misuse,

67 The Arizona Department of Homeland Security's policies are intended to help State agencies implement recommended IT security practices and to protect the State's IT infrastructure and the data contained therein.

68 Although the Arizona Department of Homeland Security allows State agencies to use its State-wide IT policies and does not require State agencies to create their own agency-specific IT policies, the Commission was unaware that it could use the Arizona Department of Homeland Security State-wide IT policy and developed its own IT policies that were not consistent with the Arizona Department of Homeland Security State-wide policy. As of March 2025, the Commission reported it was in the process of adopting the Arizona Department of Homeland Security's State-wide policies.

69 The Arizona Department of Homeland Security requires that State agencies conduct a security and privacy risk assessment annually or when there are significant changes to the information system or environment of operations and requires that State agencies develop agency specific policies or procedures for doing so.

70 A risk assessment is a structured process that identifies IT risks within an organization, such as privacy or vendor risks, or weak security practices and determines the controls needed to lessen risks.

71 As of October 2025, the Commission reported it was in the process of performing a data inventory and classifying all data within its systems.

or disclosure. The Commission reported that it prioritized upgrading its IT system's hardware and software to address a backlog of IT system updates over developing and implementing Arizona Department of Homeland Security-required procedures.

Did not maintain its capital asset inventory consistent with the *State of Arizona Accounting Manual* (SAAM) and Commission policy requirements, increasing the risk of theft and waste of State resources

Our review of 2 random samples, 5 of 191 capital assets included in the Commission's fiscal year 2025 capital asset inventory, and 4 of 90 assets the Commission added to its capital asset inventory in fiscal year 2025, as well as a convenience sample of 6 assets located and selected at the Commission's Phoenix office, found that the Commission had not maintained an accurate capital asset inventory, as required by the SAAM.[72] For example, the Commission included a vehicle it leases from the Arizona Department of Transportation in its fiscal year 2025 capital asset inventory, inconsistent with the SAAM.[73] According to the SAAM, leases are financial obligations, not capital assets, and therefore should not be included in the Commission's capital asset inventory.[74,75] Further, the Commission did not include an asset we selected from its Phoenix office in its fiscal year 2025 capital asset inventory, as required by the SAAM.[76] Although Commission policy requires staff to perform an annual physical inventory of all capital assets and reconcile the inventory to the Commission's records and the State's financial information system, the Commission reported these inaccuracies were the result of staff misunderstanding that the vehicle lease was not a capital asset and the missing asset was included on a set of asset records that the Commission no longer used as of February 2026. By not ensuring that its capital asset inventory accurately reflects the assets it owns, the Commission may not have an accurate accounting of its assets, increasing the risk of theft or waste of the State's resources.

Could not demonstrate it disposed of some assets pursuant to State and/or Commission policy requirements, increasing the risk to the State's data security

Our review of a random sample of 10 of 55 asset disposals the Commission completed in fiscal years 2024 and 2025 found that the Commission had not disposed of 6 assets consistent with Arizona Department of Administration Surplus Property Management Office (ADOA SPMO) and/or Commission policy requirements.[77] All 10 assets we reviewed were

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72 We reviewed a random sample of 5 of 191 capital assets included in the Commission's fiscal year 2025 capital asset inventory and 4 of 90 assets the Commission added to its capital asset inventory in fiscal year 2025. Additionally, we reviewed a convenience sample of 6 assets, including IT equipment and office furniture, located at the Commission's Phoenix office to determine whether the assets were included in the Commission's fiscal year 2025 capital asset inventory.

73 According to the Arizona Department of Transportation, the vehicle is included in its capital asset inventory as part of the State Fleet and has been assigned to the Commission since 2014.

74 Arizona General Accounting Office. (2024). State of Arizona Accounting Manual 9505. *Arizona Department of Administration.* Retrieved on 2/23/2026 from https://gao.az.gov/sites/default/files/2024-09/9505%20Glossary%20-%20240930.pdf

75 The Commission reported it intends to remove the vehicle from its capital asset inventory by the end of fiscal year 2026.

76 Arizona General Accounting Office. (2019). State of Arizona Accounting Manual 2535-2. *Arizona Department of Administration.* Retrieved on 2/18/2026 from https://gao.az.gov/sites/default/files/2022-05/2535%2520Stewardship%2520190304.pdf).

77 We reviewed a random sample of 10 of 55 asset disposals the Commission completed in fiscal years 2024 and 2025, 5 from each fiscal year. The asset disposals we reviewed consisted of IT assets including computers, laptops, and monitors.

IT assets, and for 3 of 6 asset disposals we reviewed involving IT assets with capacity for electronic data storage, the Commission could not provide evidence that it had removed data from the assets, as required by ADOA SPMO and Commission policy.[78] Additionally, although the Commission could provide evidence that it removed data from the assets in the 3 remaining disposals involving IT assets with capacity for electronic data storage, the disposal forms lacked signatures, and 1 form was not dated, inconsistent with ADOA SPMO requirements. Although Commission policy requires IT asset disposals to receive multiple levels of review, and its IT system does not allow disposal requests to be submitted without data removal documentation when applicable, the Commission reported the requests may have been approved with paper documentation, inconsistent with its policies and procedures, which could have resulted in the issues we identified. Further, the Commission reported that staff responsible for processing asset disposals only receive training on its policies and procedures at hire, and it does not provide additional training to these staff, such as when they begin reviewing and approving asset disposals. Without documentation that it properly removed data from its assets before disposing of them, the Commission may be unable to verify that potentially sensitive data was removed from these assets, increasing the risk to the State's data security if the data were recovered.

- **Reimbursed employees for travel expenses, including lodging, meals, and transportation, inconsistent with the SAAM and/or Commission policy, totaling approximately $198 in improperly paid transactions and reimbursements**

Our review of a sample of 56 of 516 central travel account transactions and 68 of 263 travel reimbursements the Commission made to employees in fiscal years 2024 and 2025 found that the Commission had not used its central travel account or reimbursed employees for certain travel expenses consistent with the SAAM and/or its own travel policies, totaling approximately $198 in improperly paid transactions and reimbursements.[79] Specifically, 26 of 124 central travel account transactions and travel reimbursements were made inconsistent with the SAAM and/or the Commission's policies and procedures, such as transactions exceeding the SAAM's allowable lodging expense limits, improper reimbursements for tips paid at restaurants, reimbursements that exceeded receipt amounts or lacked supporting receipts, and approval of a duplicate travel claim.[80]

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78 ADOA SPMO requires all IT assets with the capacity for electronic data storage to be sanitized of data or programs prior to disposal, and State agencies must certify that data has been removed from the IT assets. ADOA SPMO and the Commission policy require staff to complete a specific form to certify data removal; however, the Commission did not have documented certification forms for these 3 assets.

79 We judgmentally selected all 4 central travel account transactions from fiscal years 2024 and 2025 that totaled over $2,000 and randomly selected an additional 52 of the remaining 512 central travel account transactions from fiscal years 2024 and 2025. These 516 transactions totaled approximately $215,000. Additionally, we randomly sampled 68 of 263 travel reimbursements the Commission made to employees in fiscal years 2024 and 2025. These 263 reimbursements totaled approximately $54,000.

80 The SAAM 5095 outlines maximum lodging reimbursement rates—See Arizona General Accounting Office. (2025). State of Arizona Accounting Manual 5095. *Arizona Department of Administration*. Retrieved on 2/19/2026 from https://gao.az.gov/sites/default/files/2025-01/5095%20Reimbursement%20Rates%20250127.pdf). Additionally, the SAAM 5050-11 prohibits the use of a central travel account to pay for meals or incidental expenses, except for meals included as part of conference or training registration fees—See Arizona General Accounting Office. (2022). State of Arizona Accounting Manual 5050-11. *Arizona Department of Administration*. Retrieved on 2/19/2026 from https://gao.az.gov/sites/default/files/2022-08/5050%20Central%20Travel%20Account%20220701.pdf). Further, the SAAM 5025-20 establishes industry standards for tips and prohibits the reimbursement of tips over these standards—See Arizona General Accounting Office. (2020). State of Arizona Accounting Manual 5025-20. *Arizona Department of Administration*. Retrieved on 2/20/2026 from https://gao.az.gov/sites/default/files/2022-05/5025%2520Meals%2520and%2520Incidentals%2520200615_0.pdf). Lastly, the SAAM 4520-10 indicates that agencies should take care to ensure that the same amount due is not paid more than once—See Arizona General Accounting Office. (2020). State of Arizona Accounting Manual 4520-10. *Arizona Department of Administration*. Retrieved on 3/4/2026 from https://gao.az.gov/sites/default/files/2022-05/4520%2520Disbursements%2520200218.pdf).

The Commission reported that it approved these transactions and reimbursements for various reasons, including misunderstanding the SAAM requirements and that some errors were overlooked as part of its reimbursement claim review process.[81] The Commission revised its travel policy in December 2025 to incorporate revisions to the SAAM, clarify common staff questions about reimbursements, and address findings from our audit. However, the Commission's revised travel policy lacks guidance for when it is appropriate to reimburse tips paid at restaurants, which could contribute to continued noncompliance with the SAAM.

Recommendations to the Commission

1. Implement its policies and procedures for ensuring occupational safety and health citations are issued timely, including the timely submission of inspection documentation for supervisory review.

2. Revise its Small Business Bill of Rights website to ensure it aligns with all statutory requirements, including the contact information for its employees designated to handle complaints and the process by which a small business may file a complaint.

3. Revise and implement its Small Business Bill of Rights written materials to ensure they align with all statutory requirements, including the contact information for its employees designated to handle complaints.

4. Provide monthly updates to small businesses on the status of any action resulting from its inspections, as required by statute.

5. Develop and implement policies and procedures for providing monthly updates to small businesses on the status of any action resulting from its inspections.

6. Develop and implement policies and procedures for timely adopting federal program changes.

7. Develop and implement policies and procedures for fully utilizing its federal grants.

8. Develop and implement policies and procedures for appropriately allocating expenses to its federal grants, including for accurately allocating staff hours worked to the appropriate grants.

9. Continue finalizing the physical separation of its consultation and enforcement program staff. Once implemented, the Commission should assess whether additional physical controls are necessary and make any additional changes, as necessary.

10. Develop and implement policies and procedures for tracking and monitoring the status of consultation visits to ensure hazard documentation is provided to employers within federally required time frames, including tracking and monitoring the date hazard documentation is provided to employers within its IT system.

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81 The Commission's travel policies and procedures in effect during fiscal years 2024 and 2025 required multiple levels of review and approval of claims submitted by staff for reimbursements.

11. Work with OSHA to address all outstanding findings from OSHA's federal fiscal years 2023 and 2024 evaluations, including obtaining written confirmation from OSHA that the findings have been fully addressed.

12. Develop and implement a written plan that outlines steps it will take to implement the regulatory recommended practices from NSAA in its conveyance regulatory program, such as establishing a systematic process for conducting inspections, handling complaints, and analyzing the reliability of program data, including associated completion deadlines for each step.

Ensure that the regulatory recommended practices from NSAA are implemented into its conveyance regulatory program by:

13. Requiring conveyance program staff to provide frequent and regular reports to the Commission director on their progress in implementing the recommended practices.

14. Developing and implementing a process for Commission leadership to regularly review key metrics related to the implementation of the recommended practices to ensure the sustained implementation of the recommended practices thereafter.

15. Hold initial administrative law judge hearings within 60 days of receiving notice of a case for workers' compensation benefits cases, as required by A.R.S. §23-1061(J), unless a continuance is granted consistent with rule.

16. Track and monitor specific causes of untimely initial hearings for administrative law judge cases involving workers' compensation benefits pursuant to A.R.S. §23-1061(J), including causes within and outside of the Commission's control.

17. Periodically assess the causes of untimely initial hearings for administrative law judge cases involving workers' compensation benefits pursuant to A.R.S. §23-1061(J) and take actions to address causes identified to ensure administrative law judges improve timeliness.

18. Develop and implement policies and procedures outlining the circumstances in which further hearings in other administrative law judge cases should be prioritized over initial hearings involving workers' compensation benefits cases that require an initial hearing to be held within 60 days, pursuant to A.R.S. §23-1061(J).

19. Make administrative law judge case decisions within the statutorily required time frame.

20. Track and monitor specific causes of untimely case decisions, including causes within and outside of the Commission's control.

21. Periodically assess the causes of untimely case decisions and take actions to address causes identified to ensure administrative law judges improve timeliness.

22. Ensure at least 1 enforcement program inspector is trained to perform inspections for each of OSHA's National Emphasis Programs, as applicable.

23. Continue to develop and implement a training program to help ensure enforcement program inspectors complete required training courses for OSHA's National Emphasis Programs, as applicable.

24. Develop and implement a written plan that outlines key steps it will take to develop and implement all required IT security procedures in line with Arizona Department of Homeland Security requirements, including outlining associated completion deadlines and assigned staff responsibilities.

25. Train staff responsible for maintaining its capital asset inventory and performing its annual physical inventory on the SAAM and Commission policy requirements and have staff acknowledge understanding of the requirements.

26. Ensure that all asset disposals include all required documentation, including data removal forms, as required by ADOA and Commission policy.

27. Train staff who dispose of assets, and staff responsible for reviewing asset disposals, to ensure that these disposals comply with State requirements and the Commission's policies and procedures, and have staff and supervisors acknowledge understanding of the policies and procedures.

28. Revise and implement its updated travel policy to provide guidance to staff regarding the appropriate travel reimbursements for tips paid at restaurants consistent with the SAAM, and have staff and supervisors acknowledge understanding of the policies and procedures.

29. Train staff who use central travel accounts and submit travel reimbursements, and supervisory staff responsible for reviewing related transactions and reimbursements, to ensure that these transactions and reimbursements comply with the SAAM and Commission policies and procedures, and have staff and supervisors acknowledge understanding of the policies and procedures.

Commission response: As outlined in its response, the Commission agrees with all the findings and will implement the recommendations.

Sunset factor 3: The extent to which the Commission's key statutory objectives and purposes duplicate the objectives and purposes of other governmental agencies or private enterprises.

Our review did not identify any key Commission statutory objectives and purposes that duplicate those of private enterprise; however, we did identify various areas where the Commission's responsibilities duplicate those of other governmental agencies, including 2 areas in which its responsibilities overlap with a State agency and a federal agency, respectively, and 1 area where the Commission and a federal agency have the same responsibilities for different jurisdictions.

Specifically:

- **The Commission and Arizona Department of Insurance and Financial Institutions are statutorily responsible for investigating fraud related to workers' compensation, increasing the risk the agencies duplicate efforts**

  Laws 2023, Ch. 191, §1, established a fraud unit within the Commission to investigate workers' compensation claim fraud and required the Commission to adopt rules to establish a process for receiving workers' compensation fraud complaints and conducting fraud investigations.[82] Similarly, the Arizona Department of Insurance and Financial Institutions is statutorily responsible for investigating fraud committed by and against insurance carriers, including workers' compensation insurers.[83] Additionally, the Commission's statute contemplates potential overlap between the Commission's and the Arizona Department of Insurance and Financial Institutions' jurisdictions because it allows the Arizona Department of Insurance and Financial Institutions to continue to pursue employers and individuals for workers' compensation fraud although the Commission also has the authority to investigate this fraud.[84] The Commission reported that, as of March 2026, it was working with the Arizona Department of Insurance and Financial Institutions to determine how the agencies will coordinate investigations of workers' compensation fraud and anticipates a memorandum of understanding between the agencies to be complete by September 2026.

- **The Commission and the United States Department of Labor are responsible for investigating employers' compliance with some labor laws, but the agencies have entered into an agreement to coordinate their activities**

  Although the Commission and the United States Department of Labor are both responsible for regulating minimum wage and youth labor in the State, the agencies have entered into a formal agreement to coordinate their activities and help minimize duplication of effort (see Introduction, pages 4 through 5, for more information about

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[82] According to the meeting minutes of a March 2023 House Committee of Commerce meeting, Laws 2023, Ch. 191, §1, was introduced to address the gap in investigating workers' compensation fraud for self-insured employers, which the Arizona Department of Insurance and Financial Institutions does not have the jurisdiction to investigate.

[83] A.R.S. §§20-252, 20-463(A), and 20-466(C).

[84] A.R.S. §23-934(D).

the Commission's regulation of State labor laws).[85,86] Specifically, the Commission has a memorandum of understanding with the United States Department of Labor that allows the agencies to conduct joint investigations, coordinate enforcement activities, and make referrals of potential violations of each other's statutes to the other agency when appropriate.

- **The Commission shares responsibilities for regulating occupational safety and health with the United States Department of Labor, but the agencies' jurisdictions do not overlap**

The Commission and the United States Department of Labor's OSHA are both responsible for regulating occupational safety and health in the State (see Introduction, pages 1 though 2, for more information about the Commission's occupational safety and health responsibilities).[87,88] The Commission administers the State's OSHA-approved occupational safety and health program and has jurisdiction over private sector and State and local government workplaces, whereas OSHA has jurisdiction over most other workplaces excluded from the Commission's OSHA-approved occupational safety and health program, such as maritime industries and military bases (see Sunset Factor 7, pages 53 through 54, for more information about OSHA-approved occupational safety and health plans).

Recommendation to the Commission

30. Continue to work with the Arizona Department of Insurance and Financial Institutions to formalize a written agreement to help minimize duplication of effort in investigations of workers' compensation fraud.

Commission response: As outlined in its response, the Commission agrees with the finding and will implement the recommendation.

Sunset factor 4: The extent to which rules adopted by the Commission are consistent with the legislative mandate.

Our review of the Commission's statutes and rules found that the Commission has adopted rules when statutorily required to do so, with 1 exception. Specifically, A.R.S. §23-474 establishes the Commission's duties for administering laws related to safety conditions for boilers, pressure vessels, and lined hot water heaters, including requiring the Commission to adopt standards and regulations pursuant to A.R.S. §23-475.[89] Although the Commission is

[85] A.R.S. §§23-108.01, 23-364(A), 23-240.

[86] 29 USC. 206 and 212.

[87] A.R.S. §23-405.

[88] 29 USC. 651 et. seq.

[89] According to A.R.S. §23-471, a boiler is a closed vessel that heats liquids, such as to generate steam; a pressure vessel is a container to hold internal or external pressure; and a lined hot water heater is a water heater with a corrosion-resistant lining for supplying hot water for commercial purposes.

not required to adopt rules for some elements of A.R.S. §23-475, the Commission is required to adopt rules establishing a schedule for regular inspections of pressure vessels and lined hot water heaters, but it has not done so. The Commission reported it does not know why the required rules have not been adopted and that it intends to initiate rulemakings to establish a 3-year inspection interval for pressure vessels and a 2-year inspection interval for lined hot water heaters in rule. In addition, as of January 2025, the Commission is in the process of hiring a rulemaking attorney who will be responsible for initiating necessary rulemaking and keeping the Commission's rulemaking up to date.

Additionally, the Commission is required to review its rules and submit a report to the Governor's Regulatory Review Council (GRRC) every 5 years summarizing its findings as to whether any of its rules should be amended or repealed with any proposed course of action.[90] The report must include an analysis of whether the rules are authorized by, and consistent with, statute. The Commission's most recent 5-year review reports, approved by GRRC between April 2022 and June 2025, identified 24 rules that were inconsistent with statute and/or federal standards.[91] As of January 2026, the Commission had completed changes for 21 of these rules and did not pursue changes for 3 of these rules. For 2 of the 3 rules it did not pursue changes to, the Commission reported that prior federal standard updates had inadvertently been left out of prior rulemakings and that it would review the rules in its next rulemaking initiation in February 2026. For the remaining third rule, the Commission reported that OSHA had withdrawn the update to the federal standard that would have made the rules inconsistent with federal regulations. Further, the Commission identified 1 rule that it reported was outside of its jurisdiction, and as of February 2023, the Commission had finalized rulemaking that modified the rule to bring it within the Commission's jurisdiction.

Recommendations to the Commission

31. Adopt rules as required by A.R.S. §23-474.

32. Continue its process to amend the 2 rules it identified as inconsistent with statute.

Commission response: As outlined in its response, the Commission agrees with the finding and will implement the recommendations.

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90 A.R.S. §41-1056(A).

91 According to A.R.S. §§23-405 and 23-410, the Commission is required to cooperate with the federal government to establish and maintain an occupational safety and health program at least as effective as the federal occupational safety and health program and to promulgate standards and rules, such as by adopting federal standards in rule.

Sunset factor 5: The extent to which the Commission has provided appropriate public access to records, meetings, and rulemakings, including soliciting public input in making rules and decisions.

The Commission has provided appropriate public access to its rulemakings, including soliciting public input when making rules, but has not always provided appropriate public access to meetings and records.

Specifically, the Commission:

- **Provided appropriate public access to its rulemakings, including providing opportunities for public input**

  Our review of the Commission's 4 rulemakings finalized in June 2024, August 2024, and December 2025 related to workers' compensation claims, workers' compensation fraud investigations, occupational safety and health standards and rules of procedure, and youth employment found that the Commission informed the public of the rulemakings and provided opportunities for public input.[92] For example, for these 4 rulemakings, the Commission published a notice of its proposed rulemakings in the Arizona Administrative Register and provided the contact information for the Commission staff who could receive public input about the proposed rulemakings. The Commission also allowed the public to submit written comments on proposed rule changes for at least 30 calendar days after it published the Notice of Proposed Rulemaking and held meetings where the public could provide input.[93]

- **Did not comply with some open meeting law requirements for 6 of 7 meetings we reviewed, potentially not informing the public of the proceedings of its public bodies**

  Our review of the Commission's compliance with open meeting law requirements for 7 public meetings held between August 2025 and December 2025 for 4 public bodies—the Commission, Occupational Safety and Health Advisory Committee, Investment Committee, and Boiler Advisory Board—found that the Commission did not fully comply with open meeting law requirements for 6 of 7 meetings we reviewed (see Introduction, pages 1 and 8 through 9, for more information about the Commission and the public bodies that assist it).[94]

  Specifically, our review found that the Commission did not fully comply with open meeting law requirements for meetings associated with each of the public bodies we reviewed, including requirements for posting meeting notices and agendas 24 hours in advance

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[92] The Commission finalized 2 rulemakings in June 2024.

[93] According to the Commission's Notices of Final Rulemaking published in the Arizona Administrative Register between June 2024 and October 2025, the Commission did not receive any comments for the rulemakings that it finalized in June 2024, August 2024, and December 2025.

[94] The 7 public meetings include 2 Boiler Advisory Board meetings, 3 Commission meetings, 1 Occupational Safety and Health Advisory Committee meeting, and 1 Investment Committee meeting.

of the meeting on its website or physical locations stated in its disclosure statement, making meeting minutes available for public inspection within 3 working days after the meeting, and including all required information in meeting minutes.[95,96,97] Additionally, the Commission held a Boiler Advisory Board meeting without complying with any open meeting law requirements despite a quorum of members being in attendance and discussion on a potential fee structure related to inspections of equipment. For example, there was no notice or agenda for the meeting, and when we requested the meeting minutes, the Commission reported that the meeting was an internal meeting, and no meeting minutes were available.[98,99]

As of July 2025, the Commission had open meeting law policies and procedures for only the Commission and 1 of 5 public bodies responsible for assisting the Commission.[100] Further, our review of these policies and procedures found they lack guidance for the Commission staff regarding some open meeting law requirements, such as the requirement that meeting minutes or a recording of the meeting be made available for public inspection within 3 working days after the meeting, which may have contributed to the Commission's noncompliance with open meeting law requirements.

As of November 2025, the Commission developed policies and procedures related to posting meeting minutes that applied to all public bodies, which require staff to upload draft meeting minutes to the Commission's website within 3 working days after the meeting occurs. Additionally, the Commission reported that in November 2025, it provided training on open meeting law requirements to the Commission staff who administer public meetings. In February 2026, we reviewed 1 additional public meeting to assess the Commission's implementation of its new policy and found that the Commission made a recording of the meeting available for public inspection on its website within 3 working days of the meeting occurring, but the recording did not include all statutorily required information, such as the date, time, and place of the meeting.[101]

95 The Commission did not post the meeting notice and agenda 24 hours in advance of the meeting on its website or in all locations stated in its disclosure statement for the 2 Boiler Advisory Board meetings we reviewed. Specifically, for 1 of 2 Boiler Advisory Board meetings, the Commission did not post the notice of meeting and agenda on its website or physical locations stated in its disclosure statement, and for the 1 other Boiler Advisory Board meeting, the Commission did not post the notice and agenda at the physical locations stated in its disclosure statement.

96 The Commission did not make meeting minutes available for public inspection within 3 working days after the meeting occurred for 5 of 7 public meetings we reviewed–1 Boiler Advisory Board meeting, 2 Commission meetings, 1 Investment Committee meeting, and 1 Occupational Safety and Health Advisory Committee meeting.

97 The Commission did not include all statutorily required information in meeting minutes for the 2 Boiler Advisory Board meetings and the 1 Occupational Safety and Health Advisory Committee meeting we reviewed. For example, the meeting minutes did not include the names of public body members who proposed motions and/or a record of how each member voted on the motions.

98 A.R.S. §38-431.01(A) requires that all meetings of any public body be held as public meetings.

99 In response to our audit, the Commission reported it has provided training to staff to understand that when a quorum of public body members is present, open meeting law requirements apply.

100 As of July 2025, the Commission's open meeting law policies and procedures were applicable only to the Commission and Investment Committee.

101 This meeting was for the Occupational Safety and Health Advisory Committee.

Did not comply with State public records law, recommended practices, and/or its policies and procedures, delaying public access to records and potentially resulting in the Commission not making requestors aware of the status of their requests

Our review of a random sample of 13 of 105 public records requests the Commission's data indicated it had not fulfilled as of September 2025 from fiscal years 2024 and 2025 found that Commission staff had not complied with public records law, recommended practices, and/or the Commission's policies and procedures for all 13 of the requests.[102]

Specifically, the Commission:

- Did not provide 1 requestor with a written notice that their public records request was received within 5 business days of receiving the request, as required by statute.[103]
- Did not provide the requestor with an anticipated date it would fulfill the request for any of the 13 requests we reviewed, as recommended by the *Arizona Agency Handbook* and Arizona Ombudsman Citizens' Aide Office, and inconsistent with the Commission's policies and procedures.[104]
- Did not respond to 3 requests within the Commission's internal policy time frame to respond to public records requests within 30 days of receipt, taking between 36 and 110 days to respond to these requests.
- Provided responsive records to 2 requests prior to receiving payment from the requestor, inconsistent with the Commission's policies and procedures.[105]

Although the Commission has developed some policies and procedures for responding to public records requests, it has not implemented policies and procedures for ADOSH as of May 2026. Additionally, our review of the Commission's public records request policies and procedures found they do not outline a process for staff to comply with the statutory requirement to send a receipt acknowledging records requests the Commission receives within 5 business days.[106,107] Further, only the Commission's Labor Department's public records procedures require staff to provide requestors with an anticipated date the request will be fulfilled, as recommended by the *Arizona Agency Handbook* and Arizona Ombudsman Citizens'-Aide Office.[108]

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[102] According to Commission data, 105 of the 2,417 public records requests it received in fiscal years 2024 and 2025 had not been fulfilled as of September 2025. However, Commission staff did not always update the Commission's data to reflect that requests labeled not fulfilled had actually been fulfilled; as such, when we reviewed the documentation from our sample, we found several public records requests had been fulfilled by the Commission.

[103] A.R.S. §39-171(B).

[104] Arizona Office of the Attorney General (AAG). (2018). *Arizona agency handbook*. Retrieved 7/23/2025 from https://www.azag.gov/office/publications/agency-handbook. Arizona Ombudsman-Citizens' Aide. (2025). *Arizona public records law*. Retrieved 7/23/2025 from https://www.azoca.gov/wp-content/uploads/2025-Public-Records-Law-Booklet.pdf

[105] In response to our audit, in February 2026, the Commission pursued and received payment for 1 of these 2 requests.

[106] A.R.S. §39-171(B).

[107] Although the Commission has an online portal with an automated process to provide requestors with a written notice that their public records request was received, it did not have guidance for staff on providing a receipt acknowledging records requests within 5 business days for records requests the Commission receives outside of its centralized online portal, such as in person, by mail, or by fax.

[108] AAG, 2018. Arizona Ombudsman-Citizens' Aide, 2025.

Recommendations to the Commission

Comply with open meeting law requirements, including:

> **33.** Ensuring that meeting minutes and recordings are made available within 3 working days and include all elements required by statute, including meeting location, date, and time.
>
> **34.** Ensuring meeting notices and agendas are posted at all locations included in its disclosure statements at least 24 hours in advance of meetings.

35. Implement its policies and procedures for posting meeting minutes that apply to all public bodies.

36. Develop and implement open meeting law policies and procedures for the Boiler Advisory Board, Occupational Safety and Health Advisory Committee, Review Board, and Wage Board, including agendizing, noticing, and holding public meetings to help ensure compliance with open meeting law requirements.

37. Provide written notice to requestors that a request was received within 5 working days of request receipt, as required by statute.

38. Comply with Commission public records law policies and procedures and/or recommended practices, including providing requesters with an anticipated date, responding to requests within its internal time frames, and receiving payment prior to providing responsive records.

39. Develop and/or implement public records law policies and procedures for all divisions that respond to public requests to help ensure it complies with public records law and recommended practices, including providing requestors with a written notice that their public records request was received within 5 business days and an anticipated date the Commission will fulfill the request.

Commission response: As outlined in its response, the Commission agrees with all the findings and will implement the recommendations.

Sunset factor 6: The extent to which the Commission timely investigated and resolved complaints that are within its jurisdiction.

The Commission has timely investigated and resolved some complaints within its jurisdiction, but we identified areas where the Commission could improve its complaint-handling processes.

Specifically, our review of the Commission's complaint timeliness found that the Commission:

- **Timely resolved 96% of 5 types of labor law complaints it received in fiscal year 2025 within its internal time frames and provided notices to claimants and employers consistent with its policies and procedures**

Our review of Commission data for 4,168 earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints the Commission received in fiscal year 2025 found that of 4,047 complaints the Commission had resolved as of September 2025, the Commission had timely resolved 3,871 of these complaints (96%) within its internally established time frames.[109,110,111] Additionally, our review of a sample of 22 of 4,168 earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints the Commission received in fiscal year 2025 found that the Commission had conducted its complaint investigations consistent with its policy, procedure, and legal requirements we reviewed, such as for issuing civil penalties to employers when it identified violations of State labor law.[112,113]

Additionally, as of September 2025, the Commission's jurisdiction over wage complaints increased from claims of no more than $5,000 in unpaid wages to no more than $12,000 in unpaid wages.[114] As of February 2026, not enough time had passed for us to assess the Commission's timeliness in resolving wage complaints within its new jurisdiction as the majority of open complaints were still within the Commission's internal time frame of 120 days.[115,116] The Commission received 807 wage complaints between October 2024 and December 2024, and 1,041 wage complaints between October 2025 and December 2025. Of the 1,041 wage complaints it received between October 2025 and December 2025, 121 (12%) fell within the Commission's new jurisdiction.

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109 In fiscal year 2025, the Commission's time frames for resolving complaints were 90 days for earned paid sick time, minimum wage, employer retaliation, and youth labor complaints; and 125 for wage complaints. As of July 2025, the Commission's time frames for resolving complaints were 85 days for earned paid sick time, minimum wage, employer retaliation, and youth labor; and 120 days for wage complaints.

110 As of September 2025, 121 of the 4,168 earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints the Commission received in fiscal year 2025 were still open. Of these 121 open complaints, 6 complaints (5%) were already over the Commission's internal time frames as of September 2025.

111 We were unable to assess the Commission's timeliness in investigating payment compliance complaints it received in fiscal year 2025 because the Commission lacked key information to determine whether these complaints were within its jurisdiction (see page 50 for more information about the issue we identified with this complaint type). Further, the Commission did not receive an equal pay complaint in fiscal year 2025 (see page 49 for more information about the issue we identified with this complaint type).

112 We judgmentally reviewed the 5 oldest earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints as of September 2025. We also reviewed a random sample of 3 of 2,344 dismissed earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints and a stratified random sample of 14 of 1,824 remaining earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints based on the proportion of each of these types of labor complaints the Commission received during our review period.

113 Commission policy, procedure, and legal requirements we reviewed included requirements for providing complaint notices to employers; requesting information from complainants and employers, as applicable; sending letters with the Commission's complaint resolution to complainants and employers, as applicable; and issuing awards and civil penalties.

114 Laws 2025, Ch. 38, §1.

115 The Commission's internal time frame for resolving wage claims is 120 days, and as of our review on February 10, 2026, 607 open complaints from November 2025 and December 2025 were within the 120-day time frame for closure.

116 In fiscal year 2025, the Commission timely resolved 3,286 of 3,490 (94%) wage complaints it received. From October 2025 through December 2025, the Commission resolved 372 wage complaints, and of those, timely resolved 369 (99%) complaints. As of February 2026, 669 of the 1,041 (64%) wage complaints the Commission received from October 2025 through December 2025 were still open.

Additionally, as discussed in Sunset Factor 2, OSHA's federal fiscal years 2023 and 2024 evaluations of the Commission's occupational safety and health program found that the Commission was untimely in initiating on-site inspections and off-site investigations of workplaces in response to occupational safety and health complaints (see Sunset Factor 2, pages 21 through 23, for more information on OSHA's evaluations of the Commission). As such, we recommended that the Commission work with OSHA to address all outstanding findings from OSHA's federal fiscal years 2023 and 2024 evaluations (see Recommendation 11, page 37).

We also identified some areas where the Commission could improve its complaint-handling processes.

Specifically, the Commission:

- **Lacks internal time frames for processing bad faith complaints and took up to 832 days to resolve bad faith complaints we reviewed, potentially delaying awarding monetary penalties to injured workers**

  Although the Commission does not have statutorily or internally required time frames for processing bad faith and unfair claim processing practice complaints (bad faith complaints), our review of 10 of 1,268 bad faith complaints the Commission received or generated in fiscal years 2024 and 2025 found that, on average, the Commission took 450 days to resolve these complaints (see Introduction, page 6, for more information about the Commission's bad faith complaints and Figure 2, page 48, for more information about the number of days the Commission took to resolve each of the complaints we reviewed).[117,118,119] The Commission reported that it tracks the length of time bad faith complaints have been open in its IT system but does not track or monitor the reasons why complaints have not been resolved. Without internal time frames for processing these complaints or a process for tracking the reason why complaints stay open and taking action to address those reasons, the Commission increases the risk that it delays awarding monetary penalties to injured workers.[120]

[117] Of the 1,268 bad faith complaints the Commission received and/or generated in fiscal years 2024 and 2025, we judgmentally reviewed 4 open bad faith complaints based on how long they had been open. Additionally, we reviewed a stratified random sample of 2 of 118 bad faith complaints it received and did not substantiate, 2 of 74 bad faith complaints it received and/or generated and substantiated, and 2 of 788 bad faith complaints it received and/or generated where the complaint was withdrawn.

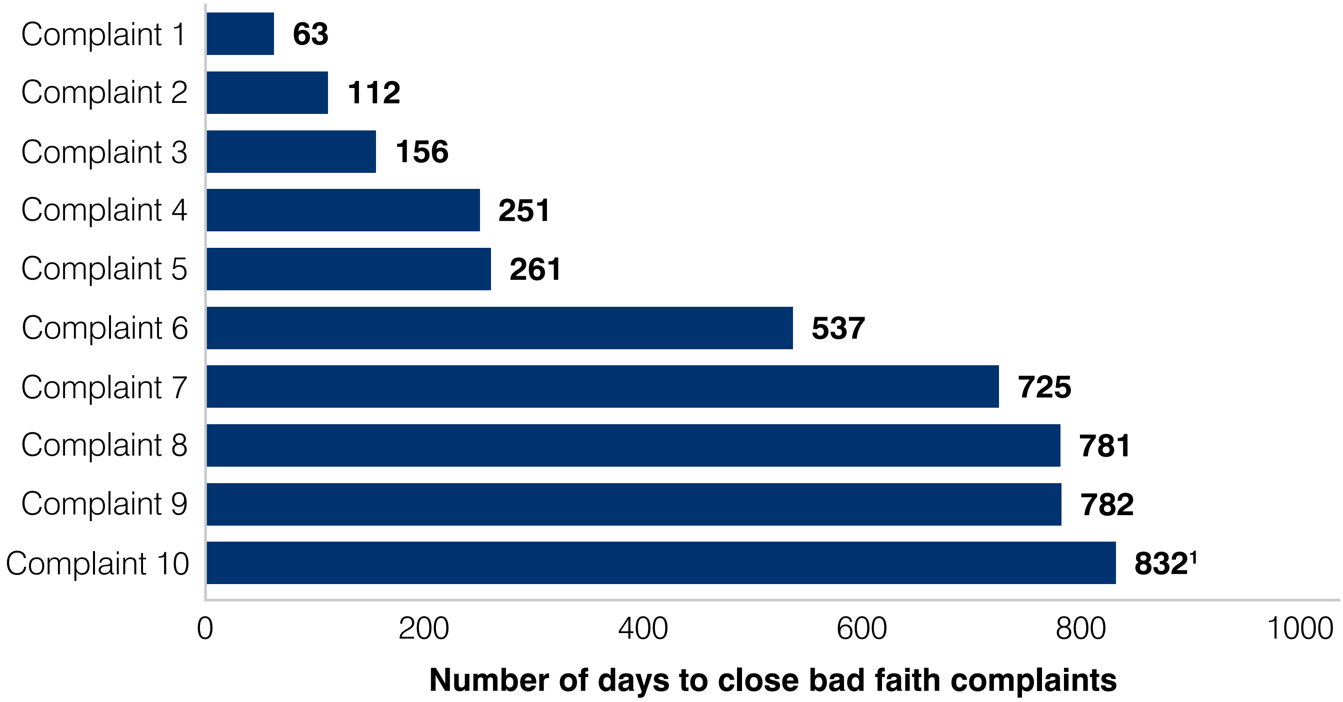
[118] The Commission can resolve bad faith complaints by either issuing an award, denying the complaint, or withdrawing a bad faith complaint it generated. Additionally, a complainant may withdraw a bad faith complaint they submitted to the Commission.

[119] The Commission reported that reasons why bad faith complaints we reviewed remained open included ongoing litigation being heard by its Administrative Law Judge Division and staff erroneously closing complaints without processing them. As of April 2026, the Commission reported that it anticipated hiring a new position in its Claims Division to assist with processing bad faith complaints by the end of May 2026.

[120] Per A.R.S. §23-930(B), if the Commission substantiates a bad faith complaint, it must award, in addition to any benefits that are owed, a monetary penalty of 25% of the workers' compensation benefit amount owed to the injured worker or $500, whichever is greater.

Figure 2

The Commission took between 63 and 832 days to close the bad faith complaints we reviewed, with half of the complaints remaining open for more than 500 days



1 For the bad faith complaint that it took 832 days to close, the Commission reported that Commission staff had erroneously marked the complaint as resolved and later had to reopen the complaint for processing.

Source: Auditor General staff review of Commission-provided documentation associated with our sample of 10 of 1,268 bad faith complaints received or generated in fiscal years 2024 and 2025.

Has not provided information on its website or established a process for receiving, screening, and tracking all conveyance complaints it receives, increasing the risk that it does not identify and correct conveyance violations that pose public safety risks

As discussed in Sunset Factor 2 (see pages 27 through 28), as of April 2026, the Commission's conveyance program webpage had no information about conveyance complaints, such as how members of the public can submit complaints, a description of the Commission's authority to investigate complaints and its complaint-handling process, or descriptions of the types of allegations or violations that members of the public should submit to it. Additionally, the Commission lacked a formalized process for screening complaints it received prior to March 2026 and does not track the number or status of complaints it receives. Without informing the public of its conveyance complaint-handling responsibilities or establishing a process for receiving, screening, or tracking all complaints it receives, the Commission increases the risk that complaints alleging conveyance safety violations are not reported to it and that it does not identify and correct conveyance violations that pose public safety risks (see Sunset Factor 2, pages 23 through 29, for more information about issues we identified with the Commission's conveyance program).

Lacks information on its website regarding its authority to handle equal pay discrimination complaints, potentially resulting in the Commission not making the public aware they can report violations of State equal pay law

The Commission did not receive an equal pay discrimination complaint between January 2020 and January 2026, and believes this is likely due to it not providing the public with a separate form to submit equal pay discrimination complaints and a lack of information on its website about its responsibility to handle equal pay discrimination complaints.[121] As of September 2025, the Commission does not have information posted on its website regarding its ability to handle complaints alleging equal pay discrimination and the Commission lacks a separate complaint form for the public to submit an equal pay complaint, inconsistent with NSAA recommended practices (see textbox on page 25 for information on NSAA's complaint-handling recommended practices).[122] By not providing information on its website regarding its responsibility to handle equal pay discrimination complaints, the Commission may not have made the public aware that they can report violations of State equal pay law to the Commission and have their claims investigated.

Lacks policies and procedures for determining jurisdiction of occupational safety and health complaints, increasing the risk that it investigates complaints outside its jurisdiction

Our review of the Commission's data for on-site inspections and off-site investigations of workplaces conducted in fiscal years 2024 and 2025 did not find any instances where the Commission conducted inspections or investigations outside its jurisdiction.[123,124] However, as of January 2026, the Commission lacks policies and procedures outlining its reported process for determining whether occupational safety and health complaints are within its jurisdiction to investigate. To determine its jurisdiction for handling occupational safety and health complaints, the Commission reported it reviews the location and description of the alleged violations and memorandums of understanding between OSHA and other federal agencies, and has a checklist that enforcement program inspectors may use. Without policies and procedures providing guidance to staff for determining its jurisdiction, the Commission risks that it does not sustain its reported process and improperly investigates occupational safety and health complaints outside its jurisdiction. As of January 2026, the Commission reported it intends to develop policies and procedures providing guidance to staff for determining its jurisdiction.

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[121] The Commission received 1 equal pay complaint in July 2019. According to the Commission, this is the only equal pay complaint it is aware of having received since that time.

[122] As of April 2026, the Commission reported it was in process of developing an equal pay discrimination complaint form and intended to update its website to include information on its authority to handle equal pay discrimination complaints, including the new form, by the end of May 2026.

[123] To determine if the Commission investigated complaints outside of its jurisdiction, we conducted a risk-based review of the Commission's data for on-site inspections and off-site investigations conducted in fiscal years 2024 and 2025 based on industry type.

[124] According to the Commission's 2023 annual report, its jurisdiction for its occupational safety and health program encompasses approximately 3 million employees working in 173,899 public and private establishments, excluding mining operations, tribal lands, and federal employees.

- **Developed a complaint form that does not require complainants to provide key information needed to determine jurisdiction for payment compliance complaints, increasing the risk it investigates complaints outside its jurisdiction**

  The Commission's complaint forms for payment compliance complaints do not include a field for complainants to indicate the date they submitted the form or the date of the alleged incident, key information needed to determine if the alleged incident is within the Commission's jurisdiction (see Introduction, pages 4 through 5, for more information about the types of labor law complaints the Commission is responsible for investigating).[125] The Commission's jurisdiction is limited to handling payment compliance complaints submitted within 1 year of the alleged violation. Our review of a stratified random sample of 3 of 314 payment compliance complaints the Commission received in fiscal year 2025 found that for all 3 complaints, we were unable to determine if the complaints were within the Commission's jurisdiction due to the complaint form lacking the date of the alleged incident.[126] Without key information needed to determine the Commission's jurisdiction to investigate, the Commission increases the risk that it investigates complaints that are not within its jurisdiction.

Recommendations to the Commission

Develop and implement bad faith complaint policies and procedures that establish:

40. Time frames for handling bad faith complaints.

41. A process for tracking and monitoring specific causes for why bad faith complaints remain open.

42. A process for periodically assessing the causes for why bad faith complaints remain open and taking actions to address causes identified to ensure staff improve timeliness.

43. Include information on its website regarding its responsibility to handle equal pay discrimination complaints and how to report violations of the State's equal pay law, such as a separate complaint form.

44. Develop and implement policies and procedures for determining whether occupational safety and health complaints are within its jurisdiction.

45. Update its payment compliance complaint forms to include an area for complainants to indicate when the alleged violation occurred to help ensure the Commission is investigating and resolving these complaints within its jurisdiction.

Commission response: As outlined in its response, the Commission agrees with all the findings and will implement the recommendations.

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[125] The Commission reported, as of April 2026, it intends to update its payment compliance form to include an area for complainants to indicate when the alleged violation occurred, and intends to make the updated form available on its website by the end of May 2026.

[126] We reviewed a stratified random sample of 3 of 314 payment compliance complaints the Commission received in fiscal year 2025, including 1 of 4 payment compliance complaints that were not dismissed according to Commission-provided data and 2 of 310 payment compliance complaints the Commission dismissed according to its data.

Sunset factor 7: The extent to which the level of regulation exercised by the Commission is appropriate as compared to other states or best practices, or both.

The Commission's regulation of some State labor laws and workers' compensation insurance requirements is generally consistent with the 3 other states we reviewed–New Mexico, Oregon, and Utah–although some differences exist (see Introduction, pages 1 through 7, for more information about the Commission's regulatory responsibilities).[127]

Specifically:

- **The Commission's regulation of Arizona's minimum wage requirements is generally consistent with the level of regulation in other states we reviewed, but differences exist in amounts violators may pay to employees and time frames for filing complaints**

  Our review of Arizona's level of regulation of minimum wage requirements found it to be generally consistent with the level of regulation exercised by New Mexico, Oregon, and Utah.[128] Specifically, each state in our review reported it can investigate complaints of minimum wage violations and may issue penalties to violators.[129] However, there are differences in the amount states may require violators to pay to employees and time frame requirements in which complaints must be filed.

  Specifically:

  - Arizona requires violators to pay the employee the balance of the wages owed with interest and an additional amount equal to twice the underpaid wages, consistent with New Mexico. Oregon may require employers to pay the amount of wages owed, and Utah may require employers to pay the wages owed and may assess a 5% penalty on the wages owed for up to 20 days until the employee is paid.

  - Arizona requires complaints to be filed for investigation within 1 year from the date that wages were due, similar to Utah, which requires complaints to be filed within 1 year from the date that wages were earned. New Mexico allows complaints to be filed within 3 years, and Oregon allows complaints to be filed for up to 6 years.

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[127] We judgmentally selected these states because they are western states and have similar geographic and population distributions to Arizona. We reviewed the respective states' websites and statutes to compare Arizona's level of regulation.

[128] 29 USC 206 establishes a federal minimum wage that must be paid to all nonexempt employees. However, states and localities have the option of establishing minimum wage rates that are different from those set by federal law. As of 2026, minimum wage rates are above the federal rate of $7.25 per hour in 30 states, including Arizona where the minimum wage is $15.15.

[129] Our review found the penalty amounts issued to violators of minimum wage laws vary. For example, in Arizona, violators may receive a penalty of at least $250 dollars for a first violation and at least $1,000 dollars for each subsequent or willful violation. In comparison, violators in Utah may receive a penalty up to $500 per violation.

The Commission's regulation of Arizona's earned paid sick time requirements is generally consistent with the level of regulation in other states we reviewed that regulate earned paid sick time, but differences exist in amounts violators may be required to pay to employees

Our review of Arizona's level of regulation of earned paid sick time requirements found it to be generally consistent with the level of regulation exercised by New Mexico and Oregon but also found that Utah does not regulate earned paid sick time.[130] For example, Arizona, New Mexico, and Oregon reported it can investigate complaints for violations of earned paid sick time requirements. Further, each state can issue penalties against violators.[131] However, there are differences in amounts violators may be required to pay to employees.

Specifically:

- Arizona requires violators to pay the wages owed for earned paid sick time with interest, and an additional amount equal to twice the underpaid wages of earned paid sick time.
- New Mexico may require some violators to pay an amount equal to 3 times the wages owed for earned paid sick time.
- Oregon may require violators to pay the amount of wages owed for earned paid sick time.

The Commission's regulation of Arizona's youth labor requirements is generally consistent with the level of regulation in the other 3 states we reviewed, but differences exist in documentation requirements for youth labor

Our review of Arizona's level of regulation of youth labor requirements found it to be generally consistent with the level of regulation exercised by New Mexico, Oregon, and Utah.[132] For example, each state in our review can or reported it can investigate youth labor violation complaints and issue penalties against violators. However, differences exist in documentation requirements for youth labor.

Specifically:

- Arizona reported it does not require documentation for youth to verify their age to be employed or for employers to hire youth, consistent with Utah.
- New Mexico reported it requires youth under age 16 to have a work permit.
- Oregon reported it requires employers to obtain employment certificates to hire youth aged 14 to 17.

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[130] According to the National Conference of State Legislatures website, as of calendar year 2025, 20 U.S. states require paid sick leave.

[131] Our review found the penalty amount issued to violators of earned paid sick time laws vary. For example, in Arizona, violators can receive a penalty of at least $250 dollars for a first violation and at least $1,000 dollars for each subsequent or willful violation. In comparison, violators in New Mexico may receive a penalty of $500.

[132] Federal regulation establishes minimum requirements for age, hours, and occupations that minors are permitted to work. However, states can set youth labor requirements that differ from federal regulation. If both federal and state youth labor laws apply to an employer, the employer must comply with the stricter law.

The Commission's regulation of Arizona's workers' compensation insurance requirements is generally consistent with the level of regulation in the other 3 states we reviewed

Our review of Arizona's level of regulation of workers' compensation insurance requirements found it to be generally consistent with the level of regulation exercised by New Mexico, Oregon, and Utah.[133] For example, each of these states reported it can issue penalties against employers who fail to secure workers' compensation insurance coverage.[134,135] Additionally, Arizona law allows the Commission to apply to a court for an injunction to be issued against employers who do not comply with workers' compensation insurance requirements, similar to Oregon and Utah, which reported they are allowed to apply for a court injunction to be issued for violations of workers' compensation insurance requirements.[136]

Additionally, although we did not identify differences in the Commission's level of regulation of occupational safety and health when compared to other states, because occupational safety and health regulation is set by the federal government, we identified differences in whether it is regulated by OSHA, the state, or a combination of both OSHA and the state.[137] Specifically, as of October 2025, Arizona is 1 of 21 states that regulate occupational safety and health in both private and state and local government workplaces at the state level, 6 other states regulate only state and local government workplaces while private workplaces are regulated by OSHA, and in the remaining 23 states, OSHA regulates occupational safety and health (see Figure 3, page 54, for more details on occupational safety and health regulation by state).[138]

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[133] According to the Workers' Compensation Research Institute, an independent research organization focused on workers' compensation systems, federal law does not set standards for state workers' compensation programs, and states tend to have individual approaches to regulating workers' compensation.

[134] Each state in our review requires most employers to secure workers' compensation insurance coverage.

[135] Our review found the penalties issued against violators varies. For example, Arizona may issue penalties up to $1,000 for a first violation, similar to New Mexico, while Oregon and Utah reported they may issue penalties of at least $1,000 for a first time violation.

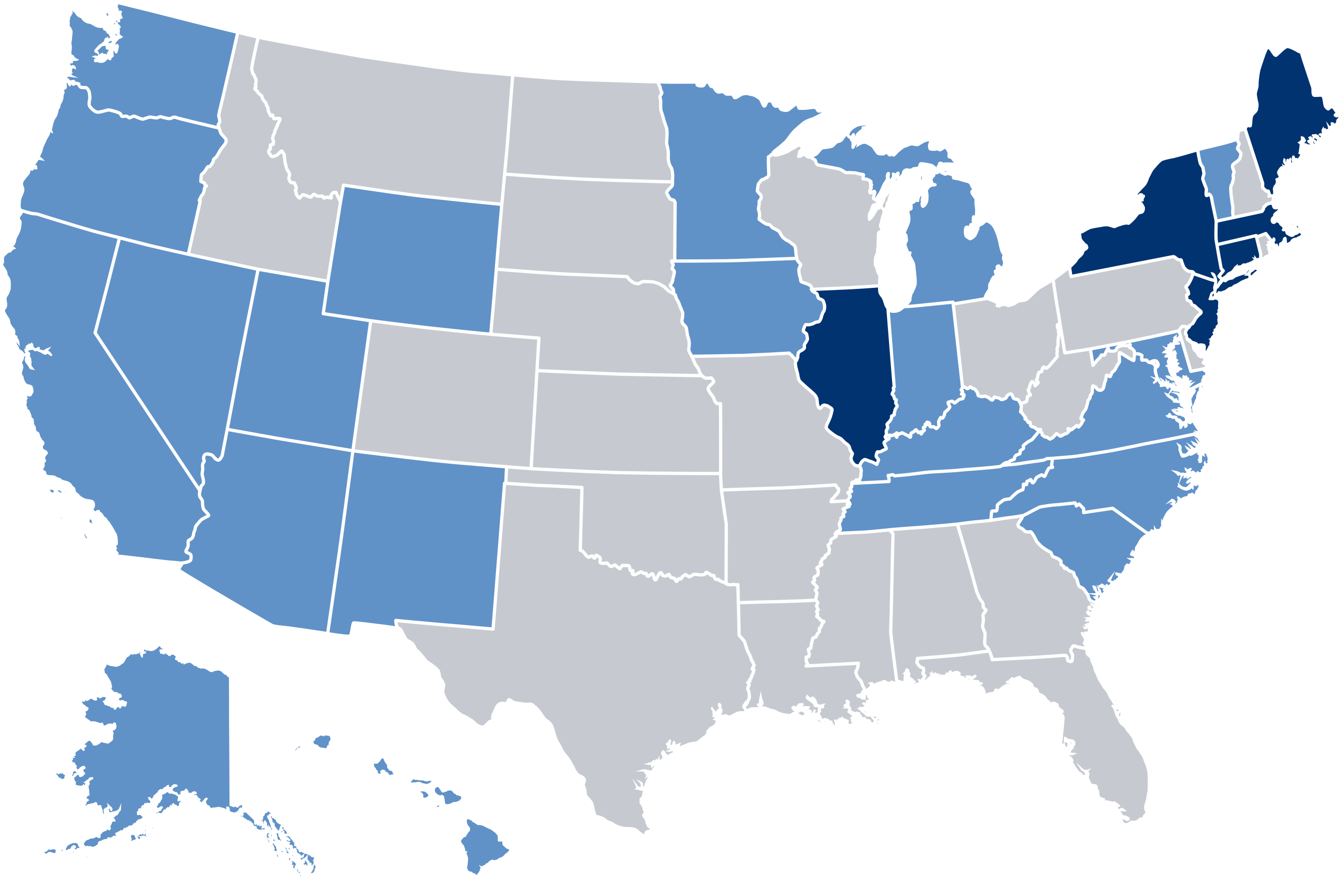
[136] As of calendar year 2022, New Mexico could request a court injunction against employers not in compliance with workers' compensation requirements.

[137] 29 USC 651 et seq. requires occupational safety and health to be regulated in all 50 states. OSHA reported it is responsible for setting occupational health and safety standards to ensure employers are providing safe and healthy working conditions.

[138] OSHA does not regulate all workers, such as people who are self-employed, employees of state and local governments, or working conditions for which other federal agencies regulate worker safety, including most working conditions in mining, nuclear energy and nuclear weapons manufacture, and transportation industries.

Figure 3

Arizona is 1 of 21 states that regulate occupational safety and health in both private and state and local government workplaces, as of October 2025



State Plans that cover both private and state and local government workplaces: Alaska, Arizona, California, Hawaii, Indiana, Iowa, Kentucky, Maryland, Michigan, Minnesota, Nevada, New Mexico, North Carolina, Oregon, South Carolina, Tennessee, Utah, Vermont, Virginia, Washington, and Wyoming

State Plans that cover state and local government workers only: Connecticut, Illinois, Maine, Massachusetts, New Jersey, and New York

States in which OSHA regulates occupational safety and health: Alabama, Arkansas, Colorado, Delaware, Florida, Georgia, Idaho, Kansas, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Texas, West Virginia, and Wisconsin

Source: Auditor General staff review of OSHA's webpage on states that regulate occupational safety and health.

Sunset factor 8: The extent to which the Commission has established safeguards against possible conflicts of interest.

The Commission has established some safeguards against possible conflicts of interest but has not complied with some State conflict-of-interest requirements and had not aligned its conflict-of-interest process with some recommended practices. The State's conflict-of-interest requirements exist to remove or limit the possibility of personal influence from impacting a decision of a public agency employee or public officer.[139] Specifically, statute requires employees of public agencies and public officers, including Board and Council members, to avoid conflicts of interest that might influence or affect their official conduct.[140] These laws require employees/public officers to disclose substantial financial or decision-making interests in a public agency's official records, either through a signed document or the agency's official minutes. Statute further requires that employees/public officers who have disclosed conflicts refrain from participating in matters related to the disclosed interests. To help ensure compliance with these requirements, the Arizona Department of Administration's (ADOA) State Personnel System employee handbook and conflict-of-interest disclosure form (disclosure form) require State employees to disclose if they have any business or decision-making interests, secondary employment, and relatives employed by the State at the time of initial hire and anytime there is a change.[141] The ADOA disclosure form also requires State employees to attest that they do not have any of these potential conflicts, if applicable, also known as an "affirmative no." Finally, A.R.S. §38-509 requires public agencies to maintain a special file of all documents necessary to memorialize all disclosures of substantial interest and to make this file available for public inspection.

Additionally, in response to conflict-of-interest noncompliance and violations investigated in the course of our work, such as employees/public officers failing to disclose substantial interests and participating in matters related to these interests, we have recommended several practices and actions to various school districts, State agencies, and other public entities.[142] Our recommendations are based on recommended practices for managing conflicts of interest in government and are designed to help ensure compliance with State conflict-of-interest requirements by reminding employees/public officers of the importance of complying with the State's conflict-of-interest laws.[143]

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139 A.R.S. §38-502(8) defines "public officer" as all elected or appointed officers of a public agency established by charter, ordinance, resolution, State Constitution, or statute. According to the *Arizona Agency Handbook*, public officers include directors of State agencies and members of State boards, commissions, councils, and committees—whether paid or unpaid.

140 A.R.S. §38-503; AAG, 2018.

141 Arizona Department of Administration (ADOA). (2025). *State personnel system: Employee handbook*. Retrieved 3/18/2025 from https://drive.google.com/file/d/12uumNZLSBkfp33AaL9uHym0K9e6l9_Il/view

142 See, for example, Arizona Auditor General reports 24-211 *A Performance Audit of Concho Elementary School District*; 21-404 Wickenburg Unified School District—Criminal indictment—Conflict of interest, fraudulent schemes, and forgery; 19-105 *A Special Audit of the Arizona School Facilities Board—Building Renewal Grant Fund*; and 17-405 *Pine-Strawberry Water Improvement District—Theft and misuse of public monies*.

143 Recommended practices we reviewed included: The World Bank, Organization for Economic Continuation and Development (OECD), & United Nations Office on Drugs and Crime (UNODC). (2020). *Preventing and managing conflicts of interest in the public sector: Good practices guide*. Retrieved 2/3/2026 from https://www.unodc.org/documents/corruption/Publications/2020/Preventing-and-Managing-Conflicts-of-Interest-in-the-Public-Sector-Good-Practices-Guide.pdf; Francis, M.A. et al. (2025). *10 Tips for handling conflicts of interest: The year in governance*. American Bar Association (ABA). Retrieved 8/26/2025 from https://www.americanbar.org/groups/business_law/resources/business-law-today/2025-may/10-tips-for-handling-conflicts-of-interest-the-year-in-governance/; Dobie, K. (2023). Conflict of interest handbook. The Ethics Institute (TEI). Retrieved 2/3/2026 from https://www.tei.org.za/wp-content/uploads/2023/09/Conflict-of-Interest-Handbook_eBook.pdf; and New York State Authorities Budget Office (NYS ABO). (n.d.). *Conflict of interest policy for public authorities*. Retrieved 2/3/2026 from https://abo.ny.gov/system/files/documents/2025/05/conflictofinterestpolicy.pdf; Kaplin & Walker LLP. (2022). *Conflicts of interest: Best compliance practices.* Navex. Retrieved 2/3/2026 from https://cdn.navex.com/image/upload/v1649889769/resource%20documents/conflict-of-interest-best-compliance-practices-whitepaper-2022.pdf

Specifically, conflict-of-interest recommended practices indicate that all public agency employees and public officers complete a disclosure form annually. Recommended practices also indicate that the form include a field for the individual to provide an “affirmative no,” if applicable.[144] These recommended practices also indicate that agencies develop a formal remediation process and provide periodic training to ensure that identified conflicts are appropriately addressed and help ensure conflict-of-interest requirements are met. Finally, recommended practices indicate that publicly disclosing board members’ interest as the reason for refraining from participating in decisions is important for fully disclosing and memorializing the disclosure of interest as they relate to those decisions.

Our review of a sample of 20 of 208 Commission employees as of August 2025 found that the Commission lacked a conflict-of-interest disclosure form for 1 of 20 employees, and the conflict-of-interest disclosure forms for 11 of the remaining 19 employees did not address all State requirements and/or recommended practices.[145] Specifically, these 11 disclosure forms we reviewed lacked a question or field for employees to disclose substantial decision-making interests, as required by statute. Additionally, 1 employee did not complete a disclosure form at the time of the employee’s hire at the Commission, inconsistent with ADOA State Personnel System employee handbook requirements and recommended practices.[146] Finally, as of November 2025, the Commission lacked a special file to store disclosures of substantial interest for its employees, as required by statute, and conflict-of-interest policies and procedures, inconsistent with recommended practices.

Further, as of October 2025, the Commission’s conflict-of-interest processes for the Commission aligned with some State conflict-of-interest requirements and recommended practices, such as maintaining a special file of substantial disclosures. For example, our review of the 1 commissioner conflict-of-interest disclosure form in the Commission’s special file as of October 2025 found the commissioner disclosed a substantial interest related to an item on the Commission’s February 2021 meeting agenda and publicly disclosed the conflict when recusing themselves, consistent with recommended practices. However, as of October 2025, the Commission lacked conflict-of-interest policies and procedures for all of the public bodies that assist the Commission and did not have statutorily required special files for most of the public bodies.

In response to our audit, as of January 2026, the Commission developed conflict-of-interest policies that align with statute and recommended practices, including requirements for employees and public officers to use a disclosure form that includes decision-making interests, complete a disclosure form at hire and/or appointment, follow a remediation process for all disclosed conflicts, and reminding employees and public officers to complete disclosure forms annually or as circumstances change. Further, in January 2026, the Commission requested that all employees and public officers submit an updated conflict-of-interest disclosure form, and as of February 2026, the Commission had received a disclosure form from all employees and 4 of 23 public officers.[147] Our review of 10 conflict-of-interest disclosure forms found that all 8 employees

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144 As previously discussed, the ADOA disclosure form includes a field for the individual to provide an “affirmative no.”

145 We randomly selected 11 of 208 Commission employees with decision-making capacity, judgmentally selected 2 employees from the Commission’s elevator and boiler sections, and randomly sampled 7 of the remaining 189 Commission employees, for a total sample of 20 Commission employees.

146 This employee completed a form at the time they were hired with the State, which predated their employment with the Commission.

147 We received the Commission’s list of employees and public members as of February 12, 2026.

and 2 public officers included in our sample had completed a conflict-of-interest disclosure form that aligned with statutory requirements and recommended practices.[148] According to the Commission, as of March 2026, it was working to obtain conflict-of-interest forms from the remaining public officers.

Although the Commission had begun to align some of its conflict-of-interest policies and processes with statutory requirements and recommended practices, as of February 2026, it still had not established a special file available for public inspection to store disclosures of substantial interest made by employees or members of most of its public bodies, inconsistent with statute and its policy requirements.[149] Further, the Commission has not developed conflict-of-interest training for its employees or members of public bodies related to their unique programs, functions, or responsibilities, inconsistent with recommended practices.

Recommendations to the Commission

Implement its conflict-of-interest policies to help ensure compliance with State conflict-of-interest requirements and recommended practices, including:

46. Reminding employees and public officers to update their conflict-of-interest forms annually.

47. Requiring employees and public officers to complete a conflict-of-interest disclosure form that meets statutory requirements at hire and/or appointment.

48. Storing all substantial interest disclosures, including disclosure forms and/or meeting minutes, in a special file available for public inspection.

49. Develop and implement periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to all employees and public officers on how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

Commission response: As outlined in its response, the Commission agrees with the finding and will implement the recommendations.

[148] We judgmentally selected the conflict-of-interest disclosure form for the Commission director because of their decision-making capacity and randomly selected conflict-of-interest disclosure forms for 7 of the remaining 210 Commission employees and 2 of 4 commissioners using a Commission-provided list of conflict-of-interest disclosure forms, for a total sample of 10 of 215 conflict-of-interest disclosure forms included in the Commission-provided list of conflict-of-interest disclosure forms.

[149] A.R.S. §38-509.

Sunset factor 9: The extent to which changes are necessary for the Commission to more efficiently and effectively fulfill its key statutory objectives and purposes or to eliminate statutory responsibilities that are no longer necessary.

We did not identify any changes needed to the Commission's statutes to help it more efficiently and effectively fulfill its key statutory objectives and purposes or to eliminate statutory responsibilities.

However, the Commission reported it intends to pursue statutory changes to:

- Revise A.R.S. §23-942(A) to increase the statutory time frame for administrative law judges to issue decisions on cases after they have been submitted for decision from 30 days to 45 days (see Sunset Factor 2, pages 29 through 32, for more information on the statutory time frames for administrative law judge case decisions). The Commission reported it intends to pursue this statutory change to reflect what it believes is a more reasonable time frame for administrative law judges to make case decisions.

- Eliminate A.R.S. §23-314(A), which establishes the Wage Board, because the Wage Board's statutory functions, such as recommending minimum fair wage rates for minors, have been superseded by more recent statutes. As discussed in the Introduction (page 9), as of February 2026, the Commission reported it had not appointed any members of the Wage Board and believes the function of the Wage Board became obsolete when the State-wide, annually adjusted, minimum wage was established.

- Revise A.R.S. §23-475(2) to allow its boiler division to inspect boilers and other apparatus listed in the statute.[150] The Commission reported it intends to pursue this statutory change to ensure it performs inspections of these apparatuses and because it would allow its inspectors to follow up on violations identified during inspections of these apparatuses.

The Commission further reported it anticipates pursuing statutory changes for A.R.S. §23-314(A) during the 2027 legislative session, but as of January 2026, it did not have an anticipated time frame for pursuing statutory changes for A.R.S. §§23-942(A) or 23-475(2).

Sunset factor 10: The extent to which the termination of the Commission would significantly affect the public health, safety, or welfare.

Terminating the Commission could affect the public's health or welfare if its statutory responsibilities were not transferred to another entity (see Introduction, pages 1 through 7, for more information on the Commission's statutory responsibilities).

[150] According to A.R.S. §23-475(2), as of July 1, 2017, the Commission may not inspect boilers, pressure vessels and lined hot water heaters.

Specifically, termination of the Commission would result in:

- **State-specific labor laws, such as minimum wage, not being enforced, potentially impacting public welfare**

  As discussed in the Introduction, pages 4 through 5, the Commission is responsible for investigating and enforcing compliance with State labor laws. If the Commission were terminated and its responsibilities were not transferred to another entity, employees would be unable to resolve labor law disputes with employers through the Commission and would need to take civil action to resolve these disputes, if allowed by statute. For example, in fiscal year 2025, the Commission received 36 complaints alleging violations of State minimum wage law and 362 complaints alleging violations of State earned paid sick time law, and our review of a sample of 3 of these complaint types found that the Commission had conducted its complaint investigations consistent with its policy, procedure, and legal requirements we reviewed, such as for issuing civil penalties to employers when it identified violations of State labor law (see Sunset Factor 6, page 46, for more information about the Commission's handling of these complaints). Additionally, although the United States Department of Labor would administer some labor laws in the State, it would enforce federal but not State-specific labor laws, such as the State's minimum wage or earned paid sick time laws. For example, as of calendar year 2026, the State minimum wage is $15.15 an hour and the federal minimum wage is $7.25.

- **Some workers' compensation claimants not receiving benefits and workers' compensation insurance requirements not being enforced, potentially impacting public health and welfare**

  As discussed in the Introduction, pages 5 through 6, the State Constitution requires the Legislature to enact a workers' compensation law providing for the payment of workers' compensation to workers and/or their families, and the Commission is responsible for enforcing workers' compensation insurance requirements for employers and paying certain types of workers' compensation claims to injured workers from its Special Fund.[151] For example, according to the Commission's data, it paid approximately $73 million in workers' compensation benefits to workers whose employers failed to obtain workers' compensation insurance in fiscal years 2016 through 2025 (see Appendix A, pages a-1 through a-8, for information about the Commission's payment of workers' compensation claims). If the Commission were terminated and its responsibilities were not transferred to another entity, these injured workers may not receive or may experience delays in receiving medical and wage loss benefits, potentially impacting public health and welfare. Additionally, the Commission is responsible for enforcing workers' compensation insurance requirements for employers. If the Commission's responsibilities were not transferred to another entity, employers may not provide required coverage to their employees, increasing the risk that injured workers do not receive workers' compensation benefits, impacting public welfare.

[151] Ariz. Const. Art. 18, §8.

Although termination of the Commission may not affect the public's health, safety, or welfare as it relates to the Commission's responsibilities for occupational safety and health regulation, it would result in a loss of State control over occupational safety and health regulation to the federal government. As discussed in the Introduction, pages 1 through 2, the Commission's Arizona Division of Occupational Safety and Health is responsible for administering an occupational safety and health program and enforcing occupational safety and health standards in certain public and private sector workplaces in the State. According to the Commission's 2023 annual report, this responsibility included approximately 174,000 workplaces encompassing approximately 3 million employees (see Sunset Factor 7, pages 53 through 54, for more information about the Commission's regulation of occupational safety and health). If the Commission was terminated, OSHA would be responsible for enforcing occupational safety and health standards in the State, resulting in the loss of State control over occupational health and safety regulation in Arizona.

The Arizona Auditor General makes 49 recommendations to the Commission

Click on a finding, recommendation, or its page number to the right to go directly to that finding or recommendation in the report.

Recommendations to the Commission

10. Develop and implement policies and procedures for tracking and monitoring the status of consultation visits to ensure hazard documentation is provided to employers within federally required time frames, including tracking and monitoring the date hazard documentation is provided to employers within its IT system. **36**

11. Work with OSHA to address all outstanding findings from OSHA's federal fiscal years 2023 and 2024 evaluations, including obtaining written confirmation from OSHA that the findings have been fully addressed. **37**

12. Develop and implement a written plan that outlines steps it will take to implement the regulatory recommended practices from NSAA in its conveyance regulatory program, such as establishing a systematic process for conducting inspections, handling complaints, and analyzing the reliability of program data, including associated completion deadlines for each step. **37**

Ensure that the regulatory recommended practices from NSAA are implemented into its conveyance regulatory program by:

13. Requiring conveyance program staff to provide frequent and regular reports to the Commission director on their progress in implementing the recommended practices. **37**

14. Developing and implementing a process for Commission leadership to regularly review key metrics related to the implementation of the recommended practices to ensure the sustained implementation of the recommended practices thereafter. **37**

15. Hold initial administrative law judge hearings within 60 days of receiving notice of a case for workers' compensation benefits cases, as required by A.R.S. §23-1061(J), unless a continuance is granted consistent with rule. **37**

16. Track and monitor specific causes of untimely initial hearings for administrative law judge cases involving workers' compensation benefits pursuant to A.R.S. §23-1061(J), including causes within and outside of the Commission's control. **37**

17. Periodically assess the causes of untimely initial hearings for administrative law judge cases involving workers' compensation benefits pursuant to A.R.S. §23-1061(J) and take actions to address causes identified to ensure administrative law judges improve timeliness. **37**

18. Develop and implement policies and procedures outlining the circumstances in which further hearings in other administrative law judge cases should be prioritized over initial hearings involving workers' compensation benefits cases that require an initial hearing to be held within 60 days, pursuant to A.R.S. §23-1061(J). **37**

19. Make administrative law judge case decisions within the statutorily required time frame. **37**

20. Track and monitor specific causes of untimely case decisions, including causes within and outside of the Commission's control. **37**

21. Periodically assess the causes of untimely case decisions and take actions to address causes identified to ensure administrative law judges improve timeliness. **37**

22. Ensure at least 1 enforcement program inspector is trained to perform inspections for each of OSHA's National Emphasis Programs, as applicable. **37**

23. Continue to develop and implement a training program to help ensure enforcement program inspectors complete required training courses for OSHA's National Emphasis Programs, as applicable. **38**

24. Develop and implement a written plan that outlines key steps it will take to develop and implement all required IT security procedures in line with Arizona Department of Homeland Security requirements, including outlining associated completion deadlines and assigned staff responsibilities. **38**

25. Train staff responsible for maintaining its capital asset inventory and performing its annual physical inventory on the SAAM and Commission policy requirements and have staff acknowledge understanding of the requirements. **38**

26. Ensure that all asset disposals include all required documentation, including data removal forms, as required by ADOA and Commission policy. **38**

27. Train staff who dispose of assets, and staff responsible for reviewing asset disposals, to ensure that these disposals comply with State requirements and the Commission's policies and procedures, and have staff and supervisors acknowledge understanding of the policies and procedures. **38**

28. Revise and implement its updated travel policy to provide guidance to staff regarding the appropriate travel reimbursements for tips paid at restaurants consistent with the SAAM, and have staff and supervisors acknowledge understanding of the policies and procedures. **38**

29. Train staff who use central travel accounts and submit travel reimbursements, and supervisory staff responsible for reviewing related transactions and reimbursements, to ensure that these transactions and reimbursements comply with the SAAM and Commission policies and procedures, and have staff and supervisors acknowledge understanding of the policies and procedures. **38**

30. Continue to work with the Arizona Department of Insurance and Financial Institutions to formalize a written agreement to help minimize duplication of effort in investigations of workers' compensation fraud. **40**

31. Adopt rules as required by A.R.S. §23-474. **41**

32. Continue its process to amend the 2 rules it identified as inconsistent with statute. **41**

Comply with open meeting law requirements, including:

- **33.** Ensuring that meeting minutes and recordings are made available within 3 working days and include all elements required by statute, including meeting location, date, and time. **45**

- **34.** Ensuring meeting notices and agendas are posted at all locations included in its disclosure statements at least 24 hours in advance of meetings. **45**

35. Implement its policies and procedures for posting meeting minutes that apply to all public bodies. **45**

36. Develop and implement open meeting law policies and procedures for the Boiler Advisory Board, Occupational Safety and Health Advisory Committee, Review Board, and Wage Board, including agendizing, noticing, and holding public meetings to help ensure compliance with open meeting law requirements. **45**

37. Provide written notice to requestors that a request was received within 5 working days of request receipt, as required by statute. **45**

38. Comply with Commission public records law policies and procedures and/or recommended practices, including providing requesters with an anticipated date, responding to requests within its internal time frames, and receiving payment prior to providing responsive records. **45**

39. Develop and/or implement public records law policies and procedures for all divisions that respond to public requests to help ensure it complies with public records law and recommended practices, including providing requestors with a written notice that their public records request was received within 5 business days and an anticipated date the Commission will fulfill the request. **45**

Develop and implement bad faith complaint policies and procedures that establish:

- **40.** Time frames for handling bad faith complaints. **50**

- **41.** A process for tracking and monitoring specific causes for why bad faith complaints remain open. **50**

- **42.** A process for periodically assessing the causes for why bad faith complaints remain open and taking actions to address causes identified to ensure staff improve timeliness. **50**

43. Include information on its website regarding its responsibility to handle equal pay discrimination complaints and how to report violations of the State's equal pay law, such as a separate complaint form. **50**

44. Develop and implement policies and procedures for determining whether occupational safety and health complaints are within its jurisdiction. **50**

45. Update its payment compliance complaint forms to include an area for complainants to indicate when the alleged violation occurred to help ensure the Commission is investigating and resolving these complaints within its jurisdiction. **50**

Implement its conflict-of-interest policies to help ensure compliance with State conflict-of-interest requirements and recommended practices, including:

- **46.** Reminding employees and public officers to update their conflict-of-interest forms annually. **57**

- **47.** Requiring employees and public officers to complete a conflict-of-interest disclosure form that meets statutory requirements at hire and/or appointment. **57**

- **48.** Storing all substantial interest disclosures, including disclosure forms and/or meeting minutes, in a special file available for public inspection. **57**

49. Develop and implement periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to all employees and public officers on how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities. **57**

Commission paid nearly $119 million to workers' compensation claimants through its Special Fund in fiscal years 2016 through 2025

As discussed in the Introduction (see page 5), Laws 1968, 4th S.S., Ch. 6, §53, established the Commission's Special Fund for the purpose of providing workers' compensation benefits in statutorily mandated areas. As shown in Table 5, pages a-7 through a-8, the primary source of revenue for the Special Fund in fiscal years 2024 and 2025 was investment income earned from monies in the Special Fund. Additionally, consistent with the purpose of the Special Fund, as shown in Table 5, pages a-7 through a-8, in fiscal years 2024 and 2025, the Special Fund's primary expenditures were payments to workers' compensation claimants. Further, the Commission estimated that its primary revenue source in fiscal year 2026 was investment income, and primary expenditures were payments to workers' compensation claimants and the purchase of a building.

The Commission processes and pays several types of workers' compensation claims through its Special Fund, such as:[1]

- **Apportionment claims**

  Claimants with a preexisting injury who suffer an additional injury that entitles them to compensation for a loss of earning capacity or permanent disability.[2,3]

- **No insurance claims**

  Uninsured claimants whose employers have violated State law by not securing workers' compensation insurance.[4,5]

- **Pre-1973 supportive care claims**

  Claimants entitled to supportive medical care who were injured prior to August 8, 1973.[6,7]

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1 The Commission reported it issues 3 types of payments related to workers' compensation claims from the Special Fund, including payments directly to the claimant, expenses related to medical bills, and other expenses related to the claim, such as transportation costs. For example, the Commission reported it pays claimants for scheduled injuries, which it reported are specific disabilities and associated payment time frames established in A.R.S. §23-1044(B), such as 9 months of payments for the loss of an index finger.

2 A.R.S. §§23-1065(B),(C); 23-1044(C); and 23-1045(B).

3 According to the Commission, if an individual suffers an additional injury after receiving benefits for a prior injury, the workers' compensation insurance carrier or self-insured employer responsible for paying benefits to the individual for the prior injury may share the cost of the workers' compensation benefits with the Commission for the additional injury if the conditions outlined in statute are met. Specifically, per A.R.S. §23-1065(B),(C), if the Commission determines the additional injury entitles the individual to compensation for a loss of earning capacity or permanent disability, the insurance carrier or self-insured employer and the Commission are equally responsible for paying compensation related to the additional injury.

4 A.R.S. §23-907(B),(C).

5 The Commission reported it covers the cost for any business that does not have a workers' compensation policy in place.

6 The Commission reported this responsibility to provide benefits was originally established in A.R.S. §23-1065 but that the statute has been amended and the responsibility it has for paying these types of claims has since been established in Home Ins. Co. v. Industrial Commission, 530 P.2d 1123, 23 Ariz. App. 90 (Ariz. App.1975).

7 According to the Commission's website, supportive medical care benefits are provided to employees injured prior to August 8, 1973, who have stable medical conditions but require additional care, and if benefits payable by the insurance carrier have been exhausted, all medical benefits related to the injury are payable by the Commission's Special Fund.

- **Self-insured employer claims**

  Claimants whose self-insured employer has not fulfilled its obligation to provide workers' compensation coverage.[8]

- **Vocational rehabilitation claims**

  Claimants with permanent work restrictions due to an injury who cannot return to the work they were performing at the time of injury.[9,10]

The tables and figures on pages a-3 through a-8 provide Commission-reported information regarding the Special Fund, as follows:

- **Table 3**

  Total amount the Commission paid in workers' compensation claims in fiscal years 2016 through 2025 (see page a-3).

- **Figure 4**

  Total amount the Commission paid in workers' compensation claims by claim type in fiscal years 2016 through 2025 (see page a-4).

- **Figure 5**

  Average payment amounts for Commission-paid workers' compensation claims by claim type in fiscal years 2016 through 2025 (see page a-5).

- **Table 4**

  Most common recipients of Commission-paid workers' compensation claims by claim type in fiscal years 2016 through 2025 (see page a-6).[11]

- **Table 5**

  Special Fund revenues, expenditures, and year-end fund balances in fiscal years 2024 through 2026 (see pages a-7 through a-8).

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8 A.R.S. §23-966.

9 A.R.S. §23-1065(A).

10 The Commission reported it covers the cost of vocational rehabilitation services for eligible injured workers, such as job training.

11 Our review of the Commission-reported data for Special Fund payments issued in fiscal years 2016 through 2025 found that claimants may receive benefit payments for workers' compensation claims across multiple fiscal years.

Table 3

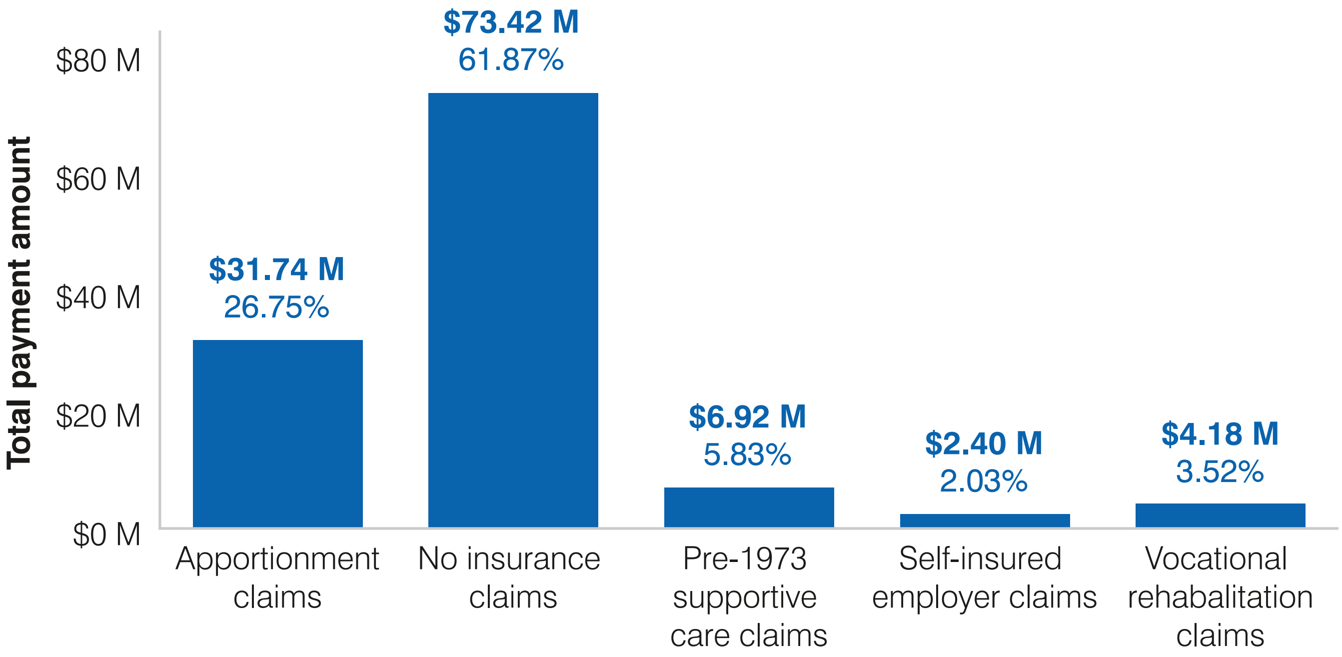
The Commission paid nearly $119 million in workers' compensation claims from the Special Fund in fiscal years 2016 through 2025

Fiscal year	Apportionment claims	No insurance claims	Pre-1973 supportive care claims	Self-insured employer claims	Vocational rehabilitation claims	Total
2016	$2,282,377	$6,941,746	$1,330,414	$205,038	$916,088	**$11,675,663**
2017	2,669,176	7,653,239	1,279,768	156,629	847,224	**12,606,036**
2018	3,364,381	8,570,627	1,129,239	201,555	472,380	**13,738,182**
2019	3,283,766	6,640,377	917,335	166,532	441,436	**11,449,446**
2020	2,861,021	6,371,340	642,010	124,394	239,012	**10,237,777**
2021	3,466,552	8,794,990	461,647	169,351	146,998	**13,039,538**
2022	3,587,491	8,711,091	335,536	199,981	271,709	**13,105,808**
2023	2,834,030	7,202,942	266,251	146,551	229,237	**10,679,011**
2024	3,982,313	6,054,051	339,040	425,493	333,921	**11,134,818**
2025	3,407,580	6,480,453	221,815	608,375	282,171	**11,000,394**
Total	**$31,738,687**	**$73,420,856**	**$6,923,055**	**$2,403,899**	**$4,180,176**	**$118,666,673**

Source: Auditor General staff review of Commission-reported data for Special Fund payments made in fiscal years 2016 through 2025.

Figure 4

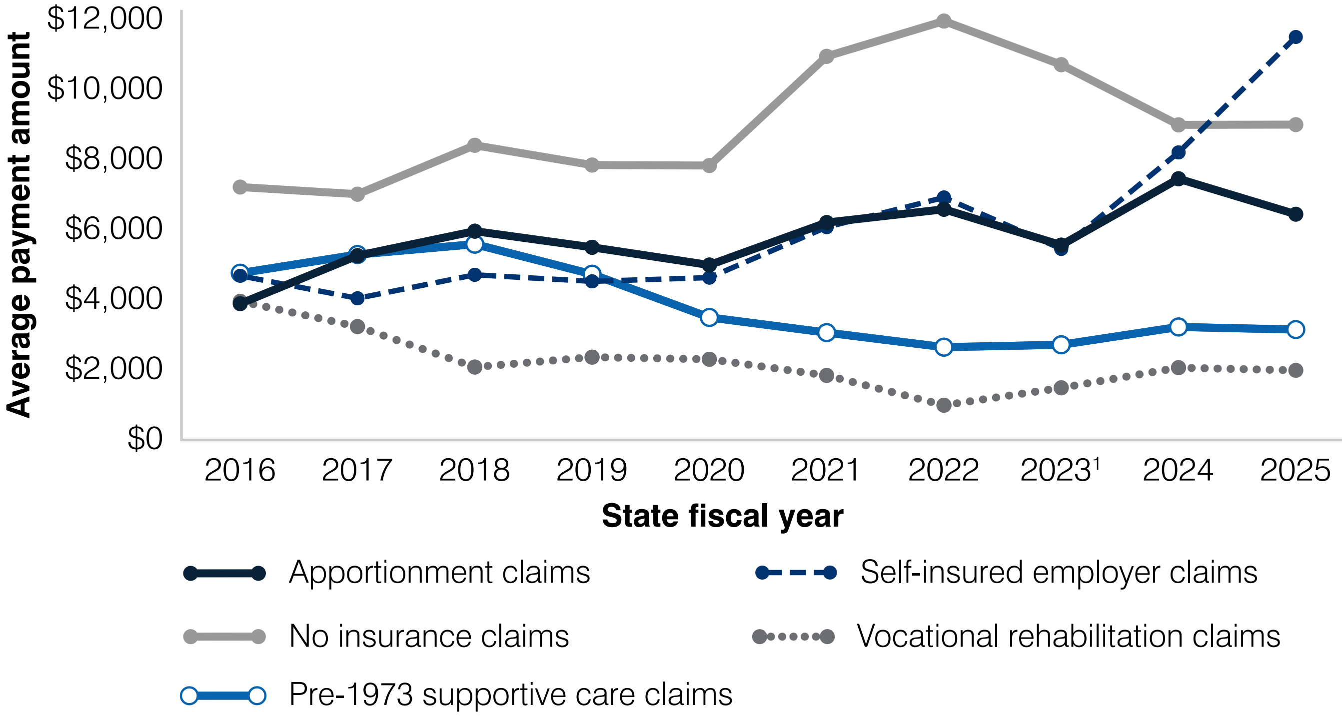
The majority of workers' compensation claims the Commission paid from the Special Fund in fiscal years 2016 through 2025 were for workers whose employers lacked workers' compensation insurance



Source: Auditor General staff review of Commission-reported data for Special Fund payments made in fiscal years 2016 through 2025.

Figure 5

The Commission's average workers' compensation claim payments from the Special Fund in fiscal years 2016 through 2025 were generally highest for claimants whose employers lacked workers' compensation insurance



1 The Commission reported that in fiscal year 2023, it assumed the responsibility of paying workers' compensation claims from a self-insured employer that failed to meet its obligation to pay workers' compensation benefits, and as a result, average workers' compensation claim payments from the Special Fund increased for self-insured employer claims in fiscal years 2024 and 2025.

Source: Auditor General staff review of Commission-reported data for Special Fund payments made in fiscal years 2016 through 2025.

Table 4

Claimants of apportionment and no insurance claims were the most common recipients of payments from the Commission's Special Fund in fiscal years 2016 through 2025

	Fiscal year										
Type of claim	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Apportionment claims	589	510	564	595	573	558	546	511	535	530	**5,511**
No insurance claims	498	569	537	467	441	447	407	373	372	425	**4,536**
Pre-1973 supportive care claims	166	146	120	108	104	85	73	56	61	43	**962**
Self-insured employer claims	24	22	23	21	17	18	19	17	26	27	**214**
Vocational rehabilitation claims	233	263	230	189	105	81	282	157	164	144	**1,848**
Total	**1,510**	**1,510**	**1,474**	**1,380**	**1,240**	**1,189**	**1,327**	**1,114**	**1,158**	**1,169**	**13,071**

Source: Auditor General staff review of Commission-reported data for Special Fund payments made in fiscal years 2016 through 2025.

Table 5

Schedule of revenues, expenditures, and changes in Special Fund balances

Fiscal years 2024 through 2026

(Unaudited)

	2024 (Actual)	2025 (Actual)	2026 (Estimate)
Beginning fund balance	$22,145,245	$65,844,737	$88,325,845
Revenues			
Investment Income[1]	$55,205,432	$37,002,416	$35,000,000
Rental Income[2]	2,803,595	3,060,372	3,943,494
Other Revenues[3]	4,816,431	644,272	500,000
Total revenues	**$62,825,458**	**$40,707,060**	**$39,443,494**
Expenditures			
Payments to claimants	$10,840,832	$11,440,827	$11,500,000
Other operating[4]	3,516,410	3,065,306	4,100,330
Professional and outside services[5]	2,868,061	1,904,416	2,500,000
Payroll and related benefits[6]	1,000,663	1,815,403	2,353,410
Buildings[7]	0	0	8,500,000
State-mandated legislative sweep[8]	900,000	0	0
Total expenditures and transfers out	**$19,125,966**	**$18,225,952**	**$28,953,740**
Ending fund balance	$65,844,737	$88,325,845	$98,815,599
Net change in fund balance (Difference between revenues and expenditures and transfers)	**+$43,699,492**	**+$22,481,108**	**+$10,489,754**

1 A.R.S. §23-1065(O) authorizes the Investment Committee to invest monies in the Special Fund in any legal investments authorized by A.R.S. §38-718 (see Introduction, page 8, for more information about the Investment Committee). Investment income consists of monies earned from the sale of investments, interest, and other income earned from investments made by the Special Fund.

2 Rental income consists of rent the Commission reported is paid by the Commission, Arizona Department of Liquor Licenses and Control, Arizona Department of Transportation, Arizona Department of Administration, and a private sector tenant to the Special Fund for the use of office space in the buildings owned by the Special Fund in the cities of Phoenix and Tucson (see footnote 7, page a-8, for more information about these buildings).

3 In fiscal year 2024, other revenues included $3.4 million that the Commission reported it recorded to correct prior year transfers between the Special Fund and its investment accounts. Excluding these transfers, other revenues consist of monies from settlement agreements related to insolvent workers' compensation insurance carriers and monies collected by the Commission from employers that failed to secure workers' compensation insurance. Specifically, according to a memorandum of understanding between the Commission and the Arizona Department of Insurance and Financial Institutions, the Special Fund is entitled to 55% of all recoveries of monies and assets from insolvent workers' compensation insurance carriers involved in these settlements. Additionally, pursuant to A.R.S. §23-907, employers that fail to secure workers' compensation insurance are liable to the Special Fund in the amount of the injured worker's claim and monies the Commission spends to process the claim.

Table 5 continued

[4] Other operating expenditures primarily consist of maintenance and repair expenses associated with the buildings owned by the Special Fund, such as for electricity and heating, air conditioning, and plumbing repairs.

[5] Professional and outside services primarily consist of third-party investment services provided to the Special Fund. The Commission reported that these payments are made to various investment managers based on the size of the Special Fund's investment portfolio and its performance, and monthly to its investment advisor for its services.

[6] Payroll and related benefits consist of monies paid to staff that the Commission reported support the Special Fund. Pursuant to A.R.S. §§23-907(D) and 23-1065(H), the Commission is authorized to spend monies from the Special Fund to pay for expenses necessary to determine benefits due to claimants and the liability of the Special Fund.

[7] A.R.S. §23-1065(J) authorizes the director of the Commission to use monies in the Special Fund to acquire property, such as buildings, as may be necessary to maintain offices and space for the Commission. As of June 2026, the Special Fund owns 3 buildings in the State—1 in the City of Phoenix and 2 in the City of Tucson. In February 2026, the Special Fund purchased a building in the City of Tucson where it reported it intends to move its Tucson office after selling the other building it owns in Tucson.

[8] Pursuant to Laws 2024, Ch. 209, §133, in fiscal year 2024, $900,000 was transferred from the Special Fund to the State General Fund for the purpose of providing adequate support and maintenance for State agencies.

Source: Auditor General staff analysis of AZ360, the State's financial management system, for fiscal years 2024 and 2025, the State of Arizona annual financial report for fiscal years 2024 and 2025, and Commission-provided estimates for fiscal year 2026.

Scope and methodology

The Arizona Auditor General has conducted this sunset review of the Commission pursuant to an October 7, 2025, resolution of the Joint Legislative Audit Committee. The audit was conducted as part of the sunset review process prescribed in A.R.S. §41-2951 et seq.

We used various methods to address the audit's objectives. These methods included reviewing the Commission's statutes, rules, and policies and procedures; interviewing Commission staff; and reviewing Commission records and information from the Commission's website.

In addition, we used the following specific methods to meet the audit objectives:

- To assess whether the Commission documented its occupational safety and health inspections as required by its policies and procedures and issued citations in response to identified inspection violations as required by statute, we reviewed inspection-related documentation for a judgmental sample of 4 of 571 occupational safety and health inspections the Commission conducted in calendar year 2024 and a random sample of 3 of 96 occupational safety and health inspections the Commission conducted between January 2025 and June 2025.[1]

- To assess whether the Commission complied with statutory Small Business Bill of Rights requirements, we reviewed Commission policies and procedures, the Commission's Small Business Bill of Rights written materials and webpage, and a sample of 7 of 667 Commission occupational safety and health inspections the Commission conducted between January 2024 and June 2025.[2]

- To assess whether the Commission timely adopted changes to federal occupational safety and health standards and directives within federally required time frames, we reviewed federal regulations, OSHA documentation regarding the proposed revocation of the Commission's occupational safety and health program, and Commission documentation related to the 4 federal program changes OSHA entered into the federal program change website from December 2024 to May 2025.

- To assess the Commission's processes for complying with federal grant requirements, we reviewed the Commission's federal grants for enforcing occupational safety and health standards in public and private sector workplaces and for providing free safety consultations, education, and training services to employers and employees. Additionally, we reviewed the Commission's processes for monitoring expenditures and submitting

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1 We judgmentally selected 4 of 571 Commission occupational safety and health inspections conducted in calendar year 2024 based on stakeholder input and a random sample of 3 of 96 occupational safety and health inspections the Commission conducted between January 2025 and June 2025.

2 We judgmentally reviewed 4 of 571 Commission occupational safety and health inspections conducted in calendar year 2024 based on stakeholder input and randomly reviewed 3 of 96 occupational safety and health inspections the Commission conducted between January 2025 and June 2025.

purchase requests and OSHA's federal fiscal years 2023 and 2024 financial audits of the Commission's occupational safety and health program. Further, we interviewed Commission staff, and in December 2025, we observed the Commission's occupational safety and health program's workspaces at the Commission's Phoenix office.

- To assess whether the Commission provided employers with documentation detailing safety and health hazards needing corrections within federally required time frames, we reviewed Commission documentation for a sample of 20 of 951 consultation visit requests the Commission received in fiscal years 2024 and 2025.[3]

- To assess whether the Commission addressed federal evaluation findings related to its occupational safety and health program, we reviewed OSHA's federal fiscal year 2023 and 2024 evaluations of the Commission's occupational safety and health program, OSHA's May 2024 special study of the Commission, and the Commission's corrective action plan to OSHA in response to the federal fiscal year 2024 followup evaluation.

- To assess whether the Commission established a conveyance regulatory program that is consistent with recommended practices, we reviewed State regulatory program recommended practices from the National State Auditors Association, the Commission's website, conveyance data, and conveyance inspection documentation associated with a sample of 30 of 15,673 conveyances listed as operational in the Commission's data as of October 2025, and interviewed Commission staff.[4,5]

- To assess whether the Commission issued administrative law judge case decisions or held initial administrative law judge hearings within statutory time frames, we reviewed Commission documentation for a sample of 9 of 182 administrative law judge cases the Commission received in fiscal year 2025.[6]

- To assess whether the Commission complied with federal requirements to ensure at least 1 enforcement program inspector is trained to inspect workplaces, we reviewed OSHA National Emphasis Program documentation and Commission training documentation for 4 of 6 OSHA National Emphasis Programs listed on OSHA's website as of December 2025 that required the Commission to have at least 1 enforcement program inspector trained to conduct workplace inspections in specific hazardous industries. We judgmentally selected

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3 We reviewed a judgmental sample of 10 consultation visits, including 1 of 130 consultation visits that included a date hazard documentation that was provided to all employers associated with the consultation visit and 9 of 821 consultation visits that did not include a date that hazard documentation was provided for all associated employers. Additionally, we reviewed a random sample of 10 of the remaining 812 consultation visits that did not include a date that hazard documentation was provided for all associated employers.

4 National State Auditors Association. (2004). *Carrying out a state regulatory program*. Retrieved 4/13/2026 from https://www.nasact.org/files/News_and_Publications/White_Papers_Reports/NSAA%20Best%20Practices%20Documents/2004_Carrying_Out_a_State_Regulatory_Program.pdf

5 We reviewed a judgmental sample of 10 conveyances, selected based on information in Commission data, including the 5 conveyances that Commission data indicated had gone longest without an inspection, 4 conveyances Commission data indicated were last inspected in calendar years 2021 through 2024, and 1 conveyance located at a private residence. Additionally, we subsequently removed conveyances from Commission data that the Commission indicated were temporary and reviewed a random sample of 20 of the remaining 14,926 conveyances included in the data (see pages 26 and 29 for more information on issues we found with the Commission's conveyance data).

6 According to Commission data, the Commission received 6,068 administrative law judge cases in fiscal year 2025. We judgmentally reviewed 2 of 182 cases that exceeded the statutory time frame for issuing case decisions by the greatest number of days according to the Commission-provided data, as of November 2025. We also reviewed a random sample of 7 of the remaining 180 cases that exceeded the statutory time frame for issuing case decisions according to the Commission-provided data.

3 National Emphasis Programs based on when they were published and 1 National Emphasis Program based on stakeholder input.

- To assess whether the Commission has developed Arizona Department of Homeland Security's required IT security and data procedures or complied with Arizona Department of Homeland Security State-wide policies, we reviewed the the Commission's IT security policy and procedure documents.

- To assess whether the Commission maintained its capital asset inventory consistent with the SAAM and Commission policies and procedures, we reviewed 2 random samples—5 of 191 capital assets included in the Commission's fiscal year 2025 capital asset inventory and 4 of 90 assets the Commission added to its capital asset inventory in fiscal year 2025. Additionally, we selected a convenience sample of 6 assets located at the Commission's Phoenix Office to determine whether the asset was included in Commission's fiscal year 2025 capital asset inventory.

- To assess whether the Commission disposed of assets consistent with State and Commission policy requirements, we reviewed Arizona Department of Administration Surplus Property Management Office requirements and a random sample of 10 of 55 asset disposals the Commission completed in fiscal years 2024 and 2025, 5 from each fiscal year.

- To assess whether the Commission used a central travel account and made travel reimbursements consistent with the SAAM and Commission policies and procedures, we reviewed 124 of 779 fiscal years 2024 and 2025 Commission central travel account transactions and travel reimbursements. Specifically, we judgmentally selected all 4 central travel account transactions from fiscal years 2024 and 2025 that totaled over $2,000 and randomly selected an additional 52 of the remaining 512 central travel account transactions from fiscal years 2024 and 2025. Additionally, we randomly sampled 68 of 263 travel reimbursements the Commission made to employees in fiscal years 2024 and 2025.

- To assess the extent to which the Commission's key statutory objectives and purposes duplicate the objectives and purposes of other governmental agencies or private enterprises, we reviewed the State of Arizona Master List of State Government Programs; the Commission's memorandum of understanding with the United States Department of Labor; the Commission's statutory responsibilities related to investigating fraud related to workers' compensation, investigating employers' compliance with some labor laws, and regulating occupational safety and health; and federal law.[7]

- To assess the extent to which rules the Commission adopted are consistent with the legislative mandate, we identified all 18 Commission statutes that require rules and reviewed the Commission's corresponding rules.

- To assess the Commission's compliance with the State's open meeting law requirements, we observed 8 public meetings—2 Boiler Advisory Board meetings; 3 Commission

[7] State of Arizona. (2024). *Master list of State government programs, State agencies' five year strategic plans, and cabinet agencies' strategic plan summaries*. Retrieved 7/14/2025 from https://ospb.az.gov/sites/default/files/2025-12/FY%202026%20Master%20List.pdf

meetings; 2 Occupational Safety and Health Advisory Committee meetings; and 1 Investment Committee meeting—held between August 2025 and February 2026 and reviewed these meetings' notices, agendas, and minutes.

- To assess the Commission's compliance with the State's public records law, we reviewed statutes and recommended practices from the Arizona Ombudsman-Citizens' Aide Office and the Arizona Attorney General's *Arizona Agency Handbook*.[8] Additionally, to assess the Commission's compliance with public records law and Commission policy and whether it implemented recommended practices, we reviewed a random sample of 13 of 105 unfulfilled public records requests the Commission received in fiscal years 2024 and 2025.

- To assess the Commission's complaint-handling processes, we reviewed:

  - Commission data for 4,168 earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints the Commission received in fiscal year 2025.[9] Additionally, we reviewed complaint documentation for a sample of 22 of 4,168 earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints.[10]

  - Complaint documentation for 10 of 1,268 bad faith and unfair claim-processing practice complaints (bad faith complaints) the Commission received or generated in fiscal years 2024 and 2025.[11]

  - The Commission's webpage for information regarding the Commission's ability to handle complaints alleging equal pay discrimination complaints and the Commission's complaint form for labor law complaints.

  - Commission data for occupational safety and health complaint on-site inspections and off-site investigations the Commission conducted in fiscal years 2024 and 2025.

  - Commission complaint forms for a stratified random sample of 3 of 314 payment compliance complaints the Commission received in fiscal year 2025, including 1 of 4 payment compliance complaints that were not dismissed according to Commission-provided data and 2 of 310 payment compliance complaints the Commission dismissed according to its data.

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8 Arizona Office of the Attorney General. (2018). *Arizona agency handbook*. Retrieved 7/23/2025 from https://azag.gov/office/publications/agency-handbook. Arizona Ombudsman-Citizens' Aide. (2025). *Arizona public records law*. Retrieved 7/23/2025 from https://www.azoca.gov/wp-content/uploads/2025-Public-Records-Law-Booklet.pdf

9 We also reviewed Commission data for the 1,041 wage complaints it received between October 2025 and December 2025. However, as of February 2026, not enough time had passed for us to assess the Commission's timeliness in closing wage complaints within its new jurisdiction as the majority of open complaints were still within the Commission's internal time frame of 120 days.

10 We judgmentally reviewed the 5 oldest earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints as of September 2025. We also reviewed a random sample of 3 of 2,344 dismissed earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints and a stratified random sample of 14 of 1,824 remaining earned paid sick time, employer retaliation, minimum wage, wage, and youth labor complaints based on the proportion of each of these types of labor complaints the Commission received during our review period.

11 Of the 1,268 bad faith complaints the Commission received and/or generated in fiscal years 2024 and 2025, we judgmentally reviewed 4 of 288 open bad faith complaints based on how long they had been open. Additionally, we reviewed a stratified random sample of 2 of 118 bad faith complaints it received and did not substantiate, 2 of 74 bad faith complaints it received and/or generated and substantiated, and 2 of 788 bad faith complaints it received and/or generated where the complaint was withdrawn.

- To assess the Commission's compliance with State conflict-of-interest requirements and alignment with recommended practices, we reviewed statute and State requirements, recommended practices, the Commission's special disclosure file, and the Commission's conflict-of-interest disclosure forms.[12,13] We also reviewed conflict-of-interest disclosure forms for a judgmental sample of 2 employees in the Commission's elevator and boiler section, a random sample of 11 of 208 Commission employees with decision-making capacity, and a random sample of 7 of the remaining 189 Commission employees, for a total sample of 20 of 208 Commission employees as of August 2025. Additionally, we reviewed the 1 Commissioner conflict-of-interest disclosure form in the Commission's special file as of October 2025. Further, we reviewed 10 additional conflict-of-interest forms from those the Commission received from all 213 employees and 4 of 21 public officers as of February 2026.[14]

- To compare the Commission's level of regulation in 4 regulatory areas, we compared Arizona against New Mexico, Oregon, and Utah.[15] The 4 areas we compared included the regulation of minimum wage requirements, earned paid sick time requirements, youth labor requirements, and workers' compensation insurance requirements. We also reviewed OSHA's website to compare the Commission's level of regulation of occupational safety and health to other states.

- To obtain additional information for the Sunset Factors, we reviewed Commission rulemakings finalized between June 2024 and December 2025, the Commission's 5-year review reports submitted to GRRC between January 2022 and January 2025, and GRRC's meeting minutes approving those reports between April 2022 and June 2025. Additionally, we reviewed Commission inspection equipment-calibration documentation, including its contract with a third-party vendor for the repair and annual calibration of its inspection equipment and its calibration policy. Further, we reviewed the Commission's data for all 516 workers' compensation claims the Commission received in fiscal year 2025 from employees whose employers lacked workers' compensation insurance. Lastly, we reviewed documentation associated with a sample of 3 of 130 per diem payments made to public officers in fiscal year 2024.[16]

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12 See, for example, Arizona Auditor General reports 24-211 *A Performance Audit of Concho Elementary School District*; 21-404 Wickenburg Unified School District—Criminal indictment—Conflict of interest, fraudulent schemes, and forgery; 19-105 *A Special Audit of the Arizona School Facilities Board—Building Renewal Grant Fund*; and 17-405 *Pine-Strawberry Water Improvement District—Theft and misuse of public monies*.

13 Recommended practices we reviewed included The World Bank, Organization for Economic Continuation and Development (OECD), & United Nations Office on Drugs and Crime (UNODC). (2020). *Preventing and managing conflicts of interest in the public sector: Good practices guide*. Retrieved 2/3/2026 from https://www.unodc.org/documents/corruption/Publications/2020/Preventing-and-Managing-Conflicts-of-Interest-in-the-Public-Sector-Good-Practices-Guide.pdf; Francis, M.A. et al. (2025). *10 Tips for handling conflicts of interest: The year in governance*. American Bar Association (ABA). Retrieved 8/26/2025 from https://www.americanbar.org/groups/business_law/resources/business-law-today/2025-may/10-tips-for-handling-conflicts-of-interest-the-year-in-governance/; Dobie, K. (2023). Conflict of interest handbook. The Ethics Institute (TEI). Retrieved 2/3/2026 from https://www.tei.org.za/wp-content/uploads/2023/09/Conflict-of-Interest-Handbook_eBook.pdf; and New York State Authorities Budget Office (NYS ABO). (n.d.). *Conflict of interest policy for public authorities*. Retrieved 2/3/2026 from https://abo.ny.gov/system/files/documents/2025/05/conflictofinterestpolicy.pdf; Kaplin & Walker LLP. (2022). *Conflicts of interest: Best compliance practices*. Navex. Retrieved 2/3/2026 from https://cdn.navex.com/image/upload/v1649889769/resource%20documents/conflic-of-interest-best-compliance-practices-whitepaper-2022.pdf

14 We judgmentally selected the conflict-of-interest disclosure form for the Commission director due to their decision-making capacity and randomly selected conflict-of-interest disclosure forms for 7 of the remaining 210 Commission employees and 2 of 4 commissioners using a Commission-provided list of conflict-of-interest disclosure forms, for a total sample of 10 of 215 conflict-of-interest disclosure forms included in the Commission-provided list of conflict-of-interest disclosure forms.

15 We judgmentally selected New Mexico, Oregon, and Utah because they are western states and have similar geographic and population distributions to Arizona.

16 We randomly selected 2 of 36 per diem payments made to the public officer with the highest total per diem payment amount in fiscal year 2024 and randomly selected 1 other payment from the remaining 94 per diem payments made to commissioners in fiscal year 2024.

- To obtain information for Appendix A, we reviewed Commission-reported information regarding the Special Fund workers' compensation payments issued in fiscal years 2016 through 2025. In addition, we analyzed unaudited information from AZ360, the State's financial management system, for fiscal years 2024 and 2025, the State of Arizona *Annual Financial Report* for fiscal years 2024 and 2025, and Commission-prepared estimates for fiscal year 2026.

- To obtain additional information for the Introduction, we reviewed Commission-prepared information regarding staffing and vacancies. In addition, we compiled and analyzed unaudited information from AZ360, the State's financial management system, the State of Arizona annual financial reports for fiscal years 2024 and 2025, and Commission-prepared estimates for fiscal year 2026.

Our work on internal controls, including information system controls, included, where applicable, reviewing the Commission's policies and procedures and testing Commission compliance with these policies and procedures, and assessing compliance with State statutes. We reported on our conclusions on applicable internal controls in Sunset Factors 2, 5, 6, and 8.

We selected our audit sample(s) to provide sufficient evidence to support our findings, conclusions, and recommendations. Unless otherwise noted, the results of our testing using these samples were not intended to be projected to the entire population.

When relying on Commission-provided data to support our findings and conclusions, we performed certain tests to ensure the data was sufficiently valid, reliable, and complete to meet the audit objectives. Unless otherwise noted, we determined the Commission-provided data was sufficiently valid, reliable, and complete for audit purposes.

We conducted this performance audit of the Commission in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We express our appreciation to the Commission's members, Director Testini, and Commission staff for their cooperation and assistance throughout the audit.

The subsequent pages were written by the Commission to provide a response to each of the findings and to indicate its intention regarding implementation of the recommendations resulting from the audit conducted by the Arizona Auditor General.

INDUSTRIAL COMMISSION OF ARIZONA

DENNIS P. KAVANAUGH, CHAIRMAN
JOSEPH M. HENNELLY, JR., VICE CHAIR
D. ALAN EVERETT, MEMBER
MARIA CECILIA VALDEZ, MEMBER
ORION J. GODFREY, MEMBER

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July 20, 2026

Lindsey A. Perry, CPA, CFE
Auditor General
2910 N 44th St., Ste. 410
Phoenix, AZ 85018-7271

Dear Ms. Perry:

The Industrial Commission of Arizona (ICA) has thoroughly reviewed the Auditor General's report and is committed to implementing the recommendations as outlined in the attached response.

The ICA is dedicated to fostering a culture of excellence, accountability, and innovation. We view continuous improvement as integral to our operations, guiding the refinement of our internal processes and the ongoing enhancement of our service quality. We remain committed to evaluating our performance, soliciting feedback, and implementing modifications that advance our mission to better serve the citizens of Arizona.

We sincerely acknowledge and appreciate the diligence and collaboration demonstrated by the staff of the Office of the Auditor General throughout this Sunset Review process.

Sunset factor 2: The Commission's effectiveness and efficiency in fulfilling its key statutory objectives and purposes.

Commission made improvements in documenting its occupational safety and health inspections but could further improve its process for supervisory review of inspections.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 1: Implement its policies and procedures for ensuring occupational safety and health citations are issued timely, including the timely submission of inspection documentation for supervisory review.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission has implemented some processes to help ensure it complies with some statutory Small Business Bill of Rights requirements but has not provided all required information, written materials, and updates to small businesses.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 2: Revise its Small Business Bill of Rights website to ensure it aligns with all statutory requirements, including the contact information for its employees designated to handle complaints and the process by which a small business may file a complaint.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 3: Revise and implement its Small Business Bill of Rights written materials to ensure they align with all statutory requirements, including the contact information for its employees designated to handle complaints.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 4: Provide monthly updates to small businesses on the status of any action resulting from its inspections, as required by statute.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 5: Develop and implement policies and procedures for providing monthly updates to small businesses on the status of any action resulting from its inspections.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission has improved its timeliness in adopting changes to federal occupational safety and health standards and directives within federally required time frames but lacks written policies and procedures that document its process for doing so.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 6: Develop and implement policies and procedures for timely adopting federal program changes.

Agency response: The audit recommendation will be implemented.

Response explanation: N/A

Commission made improvements to help ensure it complies with federal grant requirements but lacks written policies and procedures outlining these processes for some areas we reviewed.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 7: Develop and implement policies and procedures for fully utilizing its federal grants.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 8: Develop and implement policies and procedures for appropriately allocating expenses to its federal grants, including for accurately allocating staff hours worked to the appropriate grants.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 9: Continue finalizing the physical separation of its consultation and enforcement program staff. Once implemented, the Commission should assess whether additional physical controls are necessary and make any additional changes, as necessary.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission provided employers with documentation detailing safety and health hazards needing correction within federally required time frames for 19 of 20 consultation visit requests we reviewed but did not consistently track or monitor that the documentation was provided to employers.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 10: Develop and implement policies and procedures for tracking and monitoring the status of consultation visits to ensure hazard documentation is provided to employers within federally required time frames, including tracking and monitoring the date hazard documentation is provided to employers within its IT system.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission has taken action to address some federal evaluation findings related to its occupational safety and health program but had not yet addressed findings related to timely handling of complaints, conducting occupational safety and health inspections, and maintaining key inspection documentation.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 11: Work with OSHA to address all outstanding findings from OSHA's federal fiscal years 2023 and 2024 evaluations, including obtaining written confirmation from OSHA that the findings have been fully addressed.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission has initiated efforts to improve leadership oversight of its conveyance regulatory program but has not implemented several recommended practices for its conveyance regulatory program, increasing public safety risks.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 12: Develop and implement a written plan that outlines steps it will take to implement the regulatory recommended practices from NSAA in its conveyance regulatory program, such as establishing a systematic process for conducting inspections, handling complaints, and analyzing the reliability of program data, including associated completion deadlines for each step.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 13: Ensure that the regulatory recommended practices from NSAA are implemented into its conveyance regulatory program by requiring conveyance program staff to provide frequent and regular reports to the Commission director on their progress in implementing the recommended practices.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 14: Ensure that the regulatory recommended practices from NSAA are implemented into its conveyance regulatory program by developing and implementing a process for Commission leadership to regularly review key metrics related to the implementation of the recommended practices to ensure the sustained implementation of the recommended practices thereafter.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission has not always issued administrative law judge case decisions or held initial administrative law judge hearings within statutorily required time frames, delaying some claimants' workers' compensation benefits.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 15: Hold initial administrative law judge hearings within 60 days of receiving notice of a case for workers' compensation benefits cases, as required by A.R.S. §23-1061(J), unless a continuance is granted consistent with rule.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 16: Track and monitor specific causes of untimely initial hearings for administrative law judge cases involving workers' compensation benefits pursuant to A.R.S. §23-1061(J), including causes within and outside of the Commission's control.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 17: Periodically assess the causes of untimely initial hearings for administrative law judge cases involving workers' compensation benefits pursuant to A.R.S. §23-1061(J) and take actions to address causes identified to ensure administrative law judges improve timeliness.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 18: Develop and implement policies and procedures outlining the circumstances in which further hearings in other administrative law judge cases should be prioritized over initial hearings involving workers' compensation benefits cases that require an initial hearing to be held within 60 days, pursuant to A.R.S. §23-1061(J).

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 19: Make administrative law judge case decisions within the statutorily required time frame.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 20: Track and monitor specific causes of untimely case decisions, including causes within and outside of the Commission's control.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 21: Periodically assess the causes of untimely case decisions and take actions to address causes identified to ensure administrative law judges improve timeliness.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission has not complied with federal requirements to ensure at least 1 enforcement program inspector is trained to inspect workplaces for 2 of 4 hazardous industries we reviewed, increasing the risk that safety and health hazards are not identified.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 22: Ensure at least 1 enforcement program inspector is trained to perform inspections for each of OSHA's National Emphasis Programs, as applicable.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 23: Continue to develop and implement a training program to help ensure enforcement program inspectors complete required training courses for OSHA's National Emphasis Programs, as applicable.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission did not develop required State information technology (IT) security and data procedures or comply with some State IT policy requirements.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 24: Develop and implement a written plan that outlines key steps it will take to develop and implement all required IT security procedures in line with Arizona Department of Homeland Security requirements, including outlining associated completion deadlines and assigned staff responsibilities.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission did not maintain its capital asset inventory consistent with the State of Arizona Accounting Manual (SAAM) and the Commission policy requirements, increasing the risk of theft and waste of State resources.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 25: Train staff responsible for maintaining its capital asset inventory and performing its annual physical inventory on the SAAM and Commission policy requirements and have staff acknowledge understanding of the requirements.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission could not demonstrate it disposed of some assets pursuant to State and/or Commission policy requirements, increasing the risk to the State's data security.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 26: Ensure that all asset disposals include all required documentation, including data removal forms, as required by ADOA and Commission policy.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 27: Train staff who dispose of assets, and staff responsible for reviewing asset disposals, to ensure that these disposals comply with State requirements and the Commission's policies and procedures, and have staff and supervisors acknowledge understanding of the policies and procedures.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission reimbursed employees for travel expenses, including lodging, meals, and transportation, inconsistent with the SAAM and/or the Commission policy, totaling approximately $198 in improperly paid transactions and reimbursements.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 28: Revise and implement its updated travel policy to provide guidance to staff regarding the appropriate travel reimbursements for tips paid at restaurants consistent with the SAAM, and have staff and supervisors acknowledge understanding of the policies and procedures.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 29: Train staff who use central travel accounts and submit travel reimbursements, and supervisory staff responsible for reviewing related transactions and reimbursements, to ensure that these transactions and reimbursements comply with the SAAM and Commission policies and procedures, and have staff and supervisors acknowledge understanding of the policies and procedures.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Sunset factor 3: The extent to which the Commission's key statutory objectives and purposes duplicate the objectives and purposes of other governmental agencies or private enterprises.

Commission and Arizona Department of Insurance and Financial Institutions are statutorily responsible for investigating fraud related to workers' compensation, increasing the risk the agencies duplicate efforts.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 30: Continue to work with the Arizona Department of Insurance and Financial Institutions to formalize a written agreement to help minimize duplication of effort in investigations of workers' compensation fraud.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Sunset factor 4: The extent to which rules adopted by the Commission are consistent with the legislative mandate.

Commission has adopted rules when statutorily required to do so, with 1 exception.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 31: Adopt rules as required by A.R.S. §23-474.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 32: Continue its process to amend the 2 rules it identified as inconsistent with statute.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Sunset factor 5: The extent to which the Commission has provided appropriate public access to records, meetings, and rulemakings, including soliciting public input in making rules and decisions.

Commission did not comply with some open meeting law requirements for 6 of 7 meetings we reviewed, potentially not informing the public of the proceedings of its public bodies.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 33: Comply with open meeting law requirements, including ensuring that meeting minutes and recordings are made available within 3 working days and include all elements required by statute, including meeting location, date, and time.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 34: Comply with open meeting law requirements, including ensuring meeting notices and agendas are posted at all locations included in its disclosure statements at least 24 hours in advance of meetings.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 35: Implement its policies and procedures for posting meeting minutes that apply to all public bodies.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 36: Develop and implement open meeting law policies and procedures for the Boiler Advisory Board, Occupational Safety and Health Advisory Committee, Review Board, and Wage Board, including agendizing, noticing, and holding public meetings to help ensure compliance with open meeting law requirements.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission did not comply with State public records law, recommended practices, and/or its policies and procedures, delaying public access to records and potentially resulting in the Commission not making requestors aware of the status of their requests.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 37: Provide written notice to requestors that a request was received within 5 working days of request receipt, as required by statute.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 38: Comply with Commission public records law policies and procedures and/or recommended practices, including providing requesters with an anticipated date, responding to requests within its internal time frames, and receiving payment prior to providing responsive records.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 39: Develop and/or implement public records law policies and procedures for all divisions that respond to public requests to help ensure it complies with public records law and recommended practices, including providing requestors with a written notice that their public records request was received within 5 business days and an anticipated date the Commission will fulfill the request.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Sunset factor 6: The extent to which the Commission timely investigated and resolved complaints that are within its jurisdiction.

Commission lacks internal time frames for processing bad faith complaints and took up to 832 days to resolve bad faith complaints we reviewed, potentially delaying awarding monetary penalties to injured workers.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 40: Develop and implement bad faith complaint policies and procedures that establish time frames for handling bad faith complaints.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 41: Develop and implement bad faith complaint policies and procedures that establish a process for tracking and monitoring specific causes for why bad faith complaints remain open.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 42: Develop and implement bad faith complaint policies and procedures that establish a process for periodically assessing the causes for why bad faith complaints remain open and taking actions to address causes identified to ensure staff improve timeliness.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission lacks information on its website regarding its authority to handle equal pay discrimination complaints, potentially resulting in the Commission not making the public aware they can report violations of State equal pay law.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 43: Include information on its website regarding its responsibility to handle equal pay discrimination complaints and how to report violations of the State's equal pay law, such as a separate complaint form.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission lacks policies and procedures for determining jurisdiction of occupational safety and health complaints, increasing the risk that it investigates complaints outside its jurisdiction.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 44: Develop and implement policies and procedures for determining whether occupational safety and health complaints are within its jurisdiction.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Commission developed a complaint form that does not require complainants to provide key information needed to determine jurisdiction for payment compliance complaints, increasing the risk it investigates complaints outside its jurisdiction.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 45: Update its payment compliance complaint forms to include an area for complainants to indicate when the alleged violation occurred to help ensure the Commission is investigating and resolving these complaints within its jurisdiction.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Sunset factor 8: The extent to which the Commission has established safeguards against possible conflicts of interest.

Commission has established some safeguards against possible conflicts of interest but has not complied with some State conflict-of-interest requirements and had not aligned its conflict-of-interest process with some recommended practices.

Commission response: The Auditor General's finding is agreed to.

Response explanation: N/A

Recommendation 46: Implement its conflict-of-interest policies to help ensure compliance with State conflict-of-interest requirements and recommended practices, including reminding employees and public officers to update their conflict-of-interest forms annually.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 47: Implement its conflict-of-interest policies to help ensure compliance with State conflict-of-interest requirements and recommended practices, including requiring employees and public officers to complete a conflict-of-interest disclosure form that meets statutory requirements at hire and/or appointment.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 48: Implement its conflict-of-interest policies to help ensure compliance with State conflict-of-interest requirements and recommended practices, including storing all substantial interest disclosures, including disclosure forms and/or meeting minutes, in a special file available for public inspection.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Recommendation 49: Develop and implement periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to all employees and public officers on how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

Commission response: The audit recommendation will be implemented.

Response explanation: N/A

Sincerely,

Gaetano Testini

Gaetano Testini
Director

CC: Logan Johnson
Senior Auditor
Performance Audit Division

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