

Report highlights

Arizona Office of Administrative Hearings

Performance audit and sunset review

The Arizona Office of Administrative Hearings (Office) generally met its required time frames for providing administrative hearings for State agencies; however, it did not comply with some State conflict-of-interest requirements and made calculation errors in its year-end reconciliation process that resulted in inequitable charges between agencies that contract for its services.

Audit purpose

To determine whether the Office met its statutory objective and purpose to provide administrative hearings for State agencies, and complied with State conflict-of-interest requirements and to respond to the 10 statutory sunset factors.¹

Key findings

- The Office generally met its statutorily required time frames for providing administrative hearings for State agencies.
- The Office did not comply with some State conflict-of-interest requirements or follow some recommended practices, increasing the risk that its employees had not disclosed interests that might influence their official conduct.
- The Office implemented a year-end reconciliation process to ensure it charges the same rates to all agencies that contract for its services, but it made calculation errors that resulted in inequitable charges between agencies.
- The Office lacks policies and procedures for statutorily required administrative law judge and agency training program and does not retain judges' training documentation, increasing the risk that judges and agencies do not receive required training.
- The Office failed to comply with its policy for cash and check-handling, including not segregating duties, which are important to reduce the risk of fraud and theft.

Key recommendations to the Office

- Develop and implement comprehensive conflict-of-interest policies and procedures to help ensure it complies with State requirements and follows recommended practices.
- Develop and implement detailed procedures for its billing process, including adequate segregation of duties, and cross-train employees to be able to review the accuracy of calculations performed to recover expenditures for services provided to agencies.
- Develop and implement policies and procedures related to judge and agency training to help ensure fair and independent hearings and demonstrate compliance with its statutory requirements.
- Follow its cash and check-handling policy, including steps to ensure segregation of duties, and if necessary, utilize external resources to provide staff training on its required processes.

¹ Sikich conducted this performance audit and sunset review of the Arizona Office of Administrative Hearings 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.