Report highlights

Arizona Office of Economic Opportunity (Office)

Performance audit and sunset review

The Office took steps to help fulfill some statutory objectives we reviewed but did not independently analyze or verify information included in regulatory impact statements, reimbursed a grant recipient in excess of the approved award amount, and did not adequately monitor Arizona Microbusiness Loan Program grants.

Audit purpose

To determine whether the Office met its statutory objectives and purposes to prepare economic impact statements and administer and oversee grant and financing programs, and to respond to the 10 statutory sunset factors.[1]

Key findings

- The Office coordinated statewide economic, labor market, and demographic analyses to support workforce and policy decisions and managed workforce data, including unemployment insurance data.
- Instead of preparing economic, small business, and consumer impact statements as required, the Office summarized unverified State agency-reported information to support the Governor's Regulatory Review Council's rulemaking process, calling into question the value of the estimated $32,800 that the Office spends on the activity annually.
- The Office reimbursed one Quality Jobs Program grant recipient more than $5,500 in excess of the approved award amount of $170,000, resulting in disbursements outside the authorized project budget.
- The Office did not adequately monitor grantees' use of Arizona Microbusiness Loan Program grant monies, creating the risk that grant monies were used for unallowable purposes.

Key recommendations to the Office

- Develop and implement policies, procedures, and documentation requirements for preparing impact statements, including performing independent analysis, verifying agency-provided information, and tracking staff time to support accountability and oversight.
- Strengthen grant payment and monitoring controls to prevent overpayments and ensure compliance with approved award amounts and budgets; address excess reimbursement through appropriate corrective action.
- Strengthen Arizona Microbusiness Loan Program oversight by reviewing grantee reporting and expenditures, implementing enhanced monitoring and documentation requirements, and ensuring timely corrective action for program noncompliance.

[1] Sikich conducted this performance audit and sunset review of the Arizona Office of Economic Opportunity under contract with the Arizona Auditor General and 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.