Auditor General’s comments on Department response

We appreciate the Department’s response including its agreement with most of the audit findings and its plan to implement or implement in a different manner most of the recommendations. However, the Department’s response includes some statements that necessitate the following clarifications:

1. In the Department’s explanation of its response to Recommendations 1c and 2, it states the following (see Department’s response, pages 2 through 3):

“The Department is currently working with the ACIS vendor to establish efficiencies in the sentence calculation process as originally funded. Specifically, funding already dedicated to Maintenance and Operation (M&O) improvements is being utilized to modify the system to better comport with legislative changes, post design and programming of ACIS in its current state. The recommended programming changes will exceed available M&O funding/hours and other critical already planned improvements to other ACIS vital functional areas will not occur. Additionally, these changes will delay the other functional improvements and will require additional funding. However, the Department will identify other collateral programs which perform sentence calculation and permit upload or communication of this information into ACIS which can be implemented with current Department funding. With anticipation of future legislative changes, the Department will identify future funding needs in budget requests.”

As discussed in Finding 1 (see page 11) and Sunset Factor 2 (see page 16), the Department reported that ACIS had not yet been programmed to include the drug possession release and transition program eligibility requirements, but the Department had begun working with its ACIS vendor to make these programming changes, and it expects them to be implemented between October 2021 and November 2022. Although the Department’s response references the availability of funding to make improvements to ACIS, our recommendation is that the Department continue the automation efforts it has already initiated and for which it reported anticipated completion dates.

2. The Department states that it disagrees with our finding regarding its adherence to State conflict-of-interest requirements and better aligning its conflict-of-interest policies and procedures with recommended practices (see pages 17 through 19), and it will not implement Recommendation 5. In the Department’s explanation of its response to Recommendation 5, it states the following (see Department’s response, page 4):

“The Department has already exceeded this recommendation with immediate evaluation of each participant during each individual procurement action throughout the entire year which meets and exceeds the legal requirements for this item as required for disclosures of substantial interest. Given the duties of more than 99 percent of Department employees, they have no involvement or ability to participate in procurement actions. Department Order 501, Employee Professionalism, Ethics and Conduct is specific to the requirements of general conflict of interest statues, rules and policies and outlines the employee’s responsibility and required actions. Department Order 601, Administrative Investigations and Employee Discipline establish procedures for conducting investigations and dispositions for allegations of non-compliance. As part of its procurement process, every participating member of an RFP committee discloses any potential conflicts-of-interest for each and every RFP issued. Initiating a requirement that all ADCRR staff must complete disclosures on an annual basis for contracting services which they have no authorized input into, is not only cumbersome but a misuse of state resources at a time when the Department focus must remain on recruitment and retention of Correctional Officers to meet its Public Safety mission.”
The Department misinterprets our recommendation, and by stating it will not implement it, the Department indicates in part that it will not follow State law. Specifically, the Department’s response explanation focuses on conflicts of interest related solely to procurement actions. However, conflicts of interest are not solely limited to procurement actions or activities. As discussed in Sunset Factor 3 (see pages 17 through 19), State laws require all employees to disclose substantial financial or decision-making interests and then refrain from participating in matters related to the disclosed interests. To help ensure compliance with these requirements and regardless of whether the employee has a procurement role, the Arizona Department of Administration’s State Personnel System employee handbook and conflict-of-interest 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.

Further, as discussed in Sunset Factor 3 (see page 18), we found that the Department lacked the required special disclosure file and a formal process for remediating disclosed conflicts other than for secondary employment. To help ensure compliance with State conflict-of-interest requirements and better align its policy and procedures with recommended practices, we recommended that the Department maintain a special disclosure file of all required documentation, such as disclosures of substantial interest, and document its process for remediating any disclosed conflicts of interests. The Department does not include in its response explanation any concerns with these recommendations. Therefore, it is unclear from the Department’s response why it will not implement them.

Finally, although the Department requires employees to complete a conflict-of-interest disclosure statement that includes an affirmative statement indicating whether or not a conflict exists when they are hired, it does not follow recommended practices to remind its employees at least annually to submit new disclosure forms when their circumstances change. Providing such a reminder will help ensure all Department employees remain in compliance with the State’s conflict-of-interest laws and requirements and potentially prevent the misuse of State resources that could result from any conflicts. Thus, in line with recommended practices, we recommended that the Department remind employees at least annually to complete a new conflict-of-interest disclosure form when their circumstances change. We did not recommend that the Department require all employees to complete disclosures on an annual basis as the Department’s response explanation suggests.