



MARK BRNOVICH
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL

BUDGET AND FINANCE
SECTION

March 26, 2019

Lindsey A. Perry, Auditor General
Arizona Office of the Auditor General
2910 N. 44th Street Suite 410
Phoenix, AZ 85018

RE: Attorney General's Office Anti-Racketeering Revolving Fund Biennial Review July 1, 2016 through June 30, 2018

Dear Ms. Perry:

The Arizona Attorney General's Office appreciates the opportunity to respond to the report of the Auditor General. Additionally, we would like to thank your staff for the review conducted of the Anti-Racketeering Revolving Fund. Below please find our agency's response to your noted finding in the report.

Finding 1: Attorney General's Office should ensure law enforcement agencies are spending advanced anti-racketeering monies for requested purposes and unspent monies are returned and redeposited into Revolving Fund.

Recommendation 1: The Attorney General's Office should follow its policies and procedures to ensure law enforcement agencies are spending advanced anti-racketeering monies for requested permissible purposes and unspent monies are returned and redeposited into the Revolving Fund.

Department Response: The Auditor General's finding is agreed to, and the audit recommendation will be implemented.

It is important to note the requirement for a legal review and determination by both the Financial Remedies Section Chief and the Criminal Division Chief of both reimbursement and advance expenditure requests for eligibility under State and Federal Guidelines has always existed and been conducted. This audit recognizes that the Attorney General is conducting legal review and determinations for allowability and eligibility under State and Federal Guidelines for all expenditure requests. Agencies provided an expenditure request and expenditure amount, included a detailed explanation of their needs and the specific program or items upon which the funds would be expended. The expenditure request certified the funds would be expended as presented, and funds were provided to them based on determined allowability and eligibility with State and Federal Guidelines.

During the audit, Attorney General (AGO) staff requested backup and supporting documentation from all

agencies that had received advances and had not provided the required follow-up documentation. Prior to the conclusion of the audit, most of those had been received and since that time the remaining documentation has been received and reviewed accordingly. All agency expenditures were found to be compliant with appropriate Anti-Racketeering State and Federal Guidelines.

This new procedure has proved to be administratively challenging in certain circumstances and has resulted in an undue administrative burden both on the AGO and the law enforcement agency receiving the advance. Due to the complexity of the agency's reporting and the number of transactions processed, the AGO is considering a change to the policy for advanced funds.

The change being considered would enable an agency making frequent and substantive advance requests provide to the AGO a detailed transaction listing of all expenditures. From this list, the AGO will select a sampling of items and audit those transactions to ensure compliance with State and Federal allowability and eligibility requirements for the use of the funds. The AGO will provide the Auditor General a copy of the revised procedure when it is fully developed.

The AGO now has a staff member to coordinate the tracking and processing of all Anti-Racketeering Revolving Fund related transactions to further enhance compliance with AGO policy.

Thank you for your consideration.

Sincerely,

Lizette Samson
Chief Financial Officer
Office of the Arizona Attorney General