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AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

November 7, 2003

The Honorable Robert Blendu, Chair  
Joint Legislative Audit Committee

The Honorable John Huppenthal, Vice Chair  
Joint Legislative Audit Committee

Dear Senator Blendu and Representative Huppenthal:

Our Office has recently completed a 24-month followup of the Arizona Department of Veterans' Services regarding the implementation status of the 6 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in August 2001 (Auditor General Report No. 01-16). As the attached grid indicates:

- 4 of the 6 recommendations have been implemented;
- 1 of the 6 recommendations is in the process of being implemented; and
- 1 recommendation has not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes out follow-up work on the Department's efforts to implement the recommendations resulting from the August 2001 performance audit.

Sincerely,

Debbie Davenport  
Auditor General

Attachment

cc: Mr. Patrick Chorpensing, Director  
Department of Veterans' Services

**ARIZONA DEPARTMENT OF VETERANS' SERVICES**  
**Arizona State Veteran Home,**  
**Veterans' Conservatorship/Guardianship, and**  
**Veterans' Services**  
**24-Month Follow-Up Report To**  
**Auditor General Report No. 01-16**

**FINDING I: The Department Has Improved Its Fiduciary Services**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
This finding provides information only. Therefore, no recommendations are presented.		

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**FINDING II: The Department Has Improved Its Quality-of-Care, Medicare Billing, and Procurement Practices**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
This finding provides information only. Therefore, no recommendations are presented.		

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**FINDING III: Better Method Needed for Tracking Employee Time**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. The Department should implement an internal time accounting system to better track the time that department personnel spend on various department activities, including those related to the Home.	<b>Implemented at 6 months</b>	
2. Once the time accounting system is in place, the Department should use the system to more accurately charge personnel costs and prepare its budget requests.	<b>Implemented at 12 months</b>	

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**SUNSET FACTOR 3: The extent to which the agency has operated within the public interest**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. The Department should improve its accountability for general fixed assets through such steps as conducting a physical inventory of fixed assets and accurately tracking assets recorded in the Department's fixed assets listing.	<b>Implemented at 24 months</b>	

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**SUNSET FACTOR 4: The extent to which rules and regulations promulgated by the agency are consistent with the legislative mandate.**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. The Department needs rules for determining the eligibility of Pearl Harbor survivors and their spouses for special license plates and rules outlining procedures for registering veterans' organizations soliciting money or support on behalf of American veterans.	Implementation in Process	

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**SUNSET FACTOR 5:** The extent to which the agency has encouraged input from the public before promulgating its rules and regulations, and the extent to which it has informed the public as to its actions and their expected impact on the public.

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. While the Department is required to file a statement with the Secretary of State indicating where meeting notices will be posted, it has failed to keep this statement current.	<b>Implemented at 6 months</b>	

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**SUNSET FACTOR 12: The extent to which the agency has used private contractors in the performance of its duties and how effective use of private contractors could be accomplished.**

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The Department should terminate its contracts with two veterans' service organizations to provide benefits counseling services.	Not Implemented	In its response to the report, the Department agreed to terminate these contracts. However, the Department now reports that it has not canceled these contracts and does not plan to do so.