



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

May 13, 2005

The Honorable Robert Blendu, Chair
Joint Legislative Audit Committee

The Honorable Laura Knaperek, Vice Chair
Joint Legislative Audit Committee

Dear Senator Blendu and Representative Knaperek:

Our Office has recently completed a 24-month followup of the Water Infrastructure Finance Authority regarding the implementation status of the 5 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in April 2003 (Auditor General Report No. 03-03). As the attached grid indicates:

- 4 recommendations have been implemented; and
- 1 recommendation is in the process of being implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the Authority's efforts to implement the recommendations resulting from the April 2003 performance audit.

Sincerely,

Debbie Davenport
Auditor General

DD:lmn
Attachment

cc: Mr. Jay Spector, Executive Director
Water Infrastructure Finance Authority of Arizona

WATER INFRASTRUCTURE FINANCE AUTHORITY
24-Month Follow-Up Report To
Auditor General Report No. 03-03

FINDING 1: Processes for reviewing and scoring applications need improvement

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. WIFA should develop and implement policies and procedures that WIFA staff can use when reviewing formulas and entering information into the scoring data sheets to help ensure their accuracy and completeness, and to help in reducing errors.	Implemented at 6 Months	
2. WIFA should develop and implement a policy incorporating management review of its scoring data sheets and formulas prior to the draft intended-use plans' distribution for public comment and board approval to help ensure the accuracy of the information used to allocate funding.	Implemented at 6 Months	

WATER INFRASTRUCTURE FINANCE AUTHORITY
24-Month Follow-Up Report To
Auditor General Report No. 03-03

SUNSET FACTOR 2: The effectiveness with which WIFA has met its objective and purpose and the efficiency with which it has operated

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. WIFA should renew its Clean Water Revolving Fund agreement with the U.S. Environmental Protection Agency.	Implementation in Process ¹	

¹ According to WIFA’s executive director, WIFA management reviewed the EPA Region IX draft operating agreement and provided a revised draft to the EPA in January 2005. As of April 2005, the draft agreement is with EPA Region IX staff for further review and revision. Once approved by the EPA, WIFA will be provided with a final, revised draft agreement.

WATER INFRASTRUCTURE FINANCE AUTHORITY
24-Month Follow-Up Report To
Auditor General Report No. 03-03

SUNSET FACTOR 3: The extent to which WIFA has operated within public interest

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. WIFA should ensure that its board meeting minutes provide a detailed description of any disclosed conflict of interest and establish a special file for retaining board meeting minutes that disclose conflicts of interest.	Implemented at 12 Months	

WATER INFRASTRUCTURE FINANCE AUTHORITY
24-Month Follow-Up Report To
Auditor General Report No. 03-03

SUNSET FACTOR 5: The extent to which WIFA has encouraged input from the public before adopting its rules, and to the extent to which it has informed the public as to its actions and their expected impact on the public

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. WIFA should file the required statement with the Secretary of State indicating where it will post public meeting notices.	Implemented at 6 Months	