



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

June 30, 2006

The Honorable Laura Knaperek, Chair  
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

Our Office has recently completed a 24-month followup of the Department of Economic Security Population Estimates Methodology regarding the implementation status of the 6 audit recommendations (including sub-parts of the recommendations) presented in the letter report released in January 2004 (Auditor General Report No. 04-L3). As the attached grid indicates:

- 1 recommendation has been implemented;
- 3 recommendations are in the process of being implemented;
- 1 recommendation has not been implemented; and
- 1 recommendation is not applicable at this time.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Department's efforts to implement the recommendations resulting from our January 2004 letter report.

Sincerely,

Debbie Davenport  
Auditor General  
Attachment

DD:Acm

Attachment

cc: David A. Berns, Director  
Arizona Department of Economic Security

**DEPARTMENT OF ECONOMIC SECURITY**  
**Population Estimates Process**  
**24-Month Follow-Up Report To**  
**Auditor General Letter Report No. 04-L3**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
<p>1. To better clarify that the role of the Population Technical Advisory Committee (POPTAC) is advisory only, the Legislature should consider establishing it in statute, including defining the committee's advisory role and specifying terms of service for committee members. The Governor could then rescind Executive Order 95-2, which created the existing POPTAC.</p>	<p>Not Implemented</p>	<p>The Department has not proposed legislation related to clarifying POPTAC's role. The Department reported that the audit and the role of their consultant demographer has clarified that POPTAC's role is advisory. According to the Department, POPTAC membership is an issue under discussion.</p>
<p>2. The Department of Economic Security should employ or contract with a professional demographer with a Ph.D. in demography to ensure that it has the technical expertise necessary to prepare population estimates based on sound methodology.</p>	<p>Implementation in Process</p>	

**DEPARTMENT OF ECONOMIC SECURITY**  
**Population Estimates Process**  
**24-Month Follow-Up Report To**  
**Auditor General Letter Report No. 04-L3**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
<p>3. To comply with statutory and constitutional provisions, the Department of Economic Security should prepare population estimates developed through formal methodology and by following appropriate policies and procedures. Specifically, the Department's Research Administration should:</p>		
<p>a. Establish the scientific basis for future changes to its methodology, including changes recommended by its advisory committee, and document the basis for such changes in its policies and procedures.</p>	<p>Not Applicable at This Time<sup>1</sup></p>	
<p>b. Develop formal policies and procedures establishing the methods used in preparing annual population estimates. If the estimates are prepared by local associations of governments and adopted by the Department, the Department should verify that the methods used to prepare the estimates were appropriate.</p>	<p>Implementation In Process</p>	

---

<sup>1</sup> The Department has not made changes to its methods, but reports that it is planning to review them.

**DEPARTMENT OF ECONOMIC SECURITY**  
**Population Estimates Process**  
**24-Month Follow-Up Report To**  
**Auditor General Letter Report No. 04-L3**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
c. Develop formal policies and procedures establishing the reliability of data used in annual population estimates. If the estimates are prepared by local associations of governments and adopted by the Department, the Department should verify the reliability of the data used to prepare	Implementation In Process	
d. Annually review its population estimates to assess their reliability.	Implementation In Process	