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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

October 2, 2018

The Honorable Anthony Kern, Chair
Joint Legislative Audit Committee

The Honorable Bob Worsley, Vice Chair
Joint Legislative Audit Committee

Dear Representative Kern and Senator Worsley:

Our Office has recently completed a 24-month followup of the Arizona Early Childhood Development and Health Board (First Things First) regarding the implementation status of the 13 audit recommendations (including sub-parts of the recommendations) presented in the special audit report released in August 2016 (Auditor General Report 16-108). As the attached grid indicates:

- 12 have been implemented; and
- 1 has been substantially implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on First Things First's efforts to implement the recommendations from the August 2016 special audit.

Sincerely,
Dale Chapman, Director
Performance Audit Division

cc: Nadine Mathis Basha, Chair
Arizona Early Childhood Development and Health Board

Marilee Dal Pra, Chief Executive Officer
Arizona Early Childhood Development and Health Board

Arizona Early Childhood Development and Health Board (First Things First) Auditor General Report 16-108 24-Month Follow-Up Report

Recommendation	Status/Additional Explanation
Chapter 3: FTF generally has appropriate financial controls but should strengthen them in some areas	
<p>3.1 To improve controls over cash receipts, as required by the SAAM, FTF should develop and implement written policies and procedures to:</p> <ul style="list-style-type: none"> a. Ensure access to cash receipts is limited to as few employees as operationally practicable; b. Ensure all collected cash receipts are logged; c. Conduct regular reconciliations of the cash receipt log to the deposits and promptly resolve any discrepancies; and d. Ensure duties for receiving, recording, and depositing receipts are properly separated. 	<p>Implemented at 6 months</p> <p>Implemented at 6 months</p> <p>Implemented at 6 months</p> <p>Implemented at 6 months</p>
<p>3.2 FTF should improve its p-card policies and procedures by including written procedures for handling p-card purchases that exceed purchasing limits. Additionally, FTF policies and procedures should identify supervisors' responsibilities for reviewing and approving p-card transactions. FTF should ensure both cardholders and supervisors are trained on and aware of both state and agency policies and procedures, including existing state policies and procedures that prohibit the splitting of purchases to circumvent purchase limits.</p>	<p>Implemented at 6 months</p>
<p>3.3 FTF should strengthen its controls over travel by:</p> <ul style="list-style-type: none"> a. Ensuring proper documentation is maintained for all travel-related purchases made on the Central Travel Account (CTA); b. Ensuring the CEO's travel claims are reviewed and approved by another individual; and c. Developing and implementing written policies and procedures that address circumstances when employees can be reimbursed and/or must reimburse FTF for charges on the CTA for canceled travel plans. 	<p>Implemented at 6 months</p> <p>Implemented at 6 months</p> <p>Implemented at 24 months</p>

Recommendation**Status/Additional Explanation**

3.4 FTF should continue to evaluate and pursue a cost-reimbursement option for wireless devices and should review the SAAM requirements for wireless devices to ensure any new plans are in compliance with state requirements. Alternatively, if FTF maintains its current practice and continues to provide state-issued wireless devices, FTF should follow the SAAM by implementing the following procedures:

- a. Review employees' need for a state-issued wireless device not less than annually. Additionally, any change in an employee's duties should also prompt a review;
- b. Periodically review the service plans in effect to determine if they are the most cost-effective and economical plans considering the State's needs; and
- c. Periodically review records to determine if the overwhelming majority of the wireless device use is related to state business.

Implemented at 6 months**Implemented at 6 months****Implemented at 6 months**

Chapter 5: FTF has implemented research and evaluation plan but should enhance program outcome reporting

5.1 FTF should enhance its annual report by including more outcome-related information in it.

Implemented at 6 months

5.2 FTF should enhance outcome data collection, as needed, to more clearly demonstrate its programs' impact in Arizona.

Substantially implemented at 24 months

FTF's FY2019-2023 Research and Evaluation Plan includes specific efforts aimed at collecting enhanced outcome data, but these efforts have not yet been fully implemented. For example, FTF has partnered with organizations and other state agencies to gather long-term outcome data, and data results should be available to report in 2020. In addition, FTF has identified 3 of its 35 strategies—home visitation, parent education, and oral health—to collect participant-level data that will allow FTF to assess the effectiveness of the strategies. FTF requires its grantees for these three strategies to collect this participant-level data and to provide it to FTF annually. Initial reporting of this data will be due by June 2019. Finally, FTF is requiring grant partners for additional strategies to commit to building the capacity to provide participant-level data by fiscal year 2022 and plans to work with grantees to build the capacity to collect this data.
