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GOVERNOR

**STATE OF ARIZONA**  
**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS**

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Major General Kerry L. Muehlenbeck  
THE ADJUTANT GENERAL

September 28, 2022

NGAZ-TAG

The Auditor General  
(Attention: Lindsey A. Perry, CPA, CFE)

SUBJECT: Department's Final Response to the DEMA Sunset Review Audit

The Department received and reviewed the final report draft of the performance audit and sunset review of the Arizona Department of Emergency and Military Affairs (Department) and the State Emergency Council (Council). Per your request, the Department submits its final response.

Encl  
Final Response

  
KERRY L. MUEHLENBECK  
Major General, AZ ANG  
The Adjutant General

**Finding 1:** Department did not develop corrective actions to address some emergency-response deficiencies it identified and did not consistently track corrective action status and completion

**Recommendation 1:** Develop, implement, and test corrective actions for deficiencies identified in after-action reports, or document why a corrective action for an identified deficiency cannot be developed, implemented, and/or tested.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will continue to improve its after-action reports and documentation of corrective action success or failure for future use.

**Recommendation 2:** The Department should document and track status changes and completion of corrective actions identified in after-action reports.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will track status changes and completion of corrective actions identified in after action reports.

**Recommendation 3:** The Department should develop and/or update and implement policies and procedures for:

**Recommendation 3a:** Requiring corrective actions to be developed within a specified time frame after the exercise or real-world event, consistent with FEMA guidance.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will update its policies and procedures to develop timely corrective actions, as appropriate based on circumstances, taking into consideration FEMA guidance.

**Recommendation 3b:** Documenting and tracking corrective actions using its tracking spreadsheet, including guidance for who should update the tracking spreadsheet and time frames for doing so.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will improve its use of tracking spreadsheets for accuracy, validity, and usefulness.

**Recommendation 3c:** Assigning priorities for corrective actions, including guidance for how priorities should be determined and how an assigned priority should dictate when the corrective action should be completed

Department response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: The Department will develop guidance for how to assign priorities and work with State partners, who are ultimately responsible for completing corrective actions in exercises or real-world emergencies to determine when a corrective action should/can be completed.

**Recommendation 3d:** Holding improvement planning meetings as frequently as needed to ensure that the Department updates the status of corrective actions and monitors them until completion

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will readdress/alter its current planning meeting policies so that they are flexible and meet the need of the Department and relevant stake-holders.

**Finding 2:** Department did not comply with some State conflict-of-interest requirements and its conflict-of-interest process was not fully aligned with recommended practices, increasing risk that employees and public officers had not disclosed substantial interests that might influence or could affect their official conduct.

**Recommendation 4:** The Department should develop and/or update and implement conflict-of-interest policies and procedures for:

**Recommendation 4a:** Reminding employees at least annually to update their disclosure form when their circumstances change, including attesting that no conflicts exist, if applicable, consistent with recommended practices.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will initiate a yearly notification to employees.

**Recommendation 4b:** Continuing to use a conflict-of-interest disclosure form that addresses both financial and decision-making conflicts of interest, including attesting that no conflicts exist, as applicable.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will continue to use a conflict-of-interest disclosure form as required by ADOA and the state government.

**Recommendation 4c:** Storing all substantial interest disclosures, including disclosure forms and meeting minutes, in a special file available for public inspection, as required by statute.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will comply.

**Recommendation 5:** The Department should provide periodic training on its conflict-of-interest requirements, process, and disclosure forms, including how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities and when to complete the supplemental form, consistent with recommended practices.

Department response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: The Department asserts that this is an ADOA responsibility to develop and provide training (initial and periodic) and create a reporting mechanism for all governmental agencies to follow.

**Department Sunset Factor 2:** The extent to which the Department has met its statutory objective and purpose and the efficiency with which it has operated.

**Recommendation 6:** The Department should develop and/or update and implement written policies and procedures that outline:

[Click to enter explanation.](#)

**Recommendation 6a:** The specific steps staff should complete for reviewing and approving EMPG applications.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The checklist will be expanded to allow for additional information to ensure application completeness and steps needed to review an application. However, each application is different and not all of the items identified on the checklist/procedures will apply to the varying emergency management agencies that apply.

**Recommendation 6b:** A supervisory review process for EMPG applications.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department believes a supervisory review process exists already. Each application is initially reviewed by the EMPG Program Coordinator and the EMPG Grant Analyst. Their initial review will identify any discrepancies, eligibility and financial completeness as well as other factors. Once their review is complete the applications will be reviewed again with the Assistant Director of Grant Administration and the Chief Financial Officer. The Department recognizes that the current checklist

does not identify space for the signatures of the Assistant Director and Chief Financial Officer showing their concurrence with Program Coordinator and the Grant Analyst and therefore it appears that no supervisory review was completed. For documentation purposes the Department will add signature concurrence to the checklist/procedures.

**Recommendation 7:** The Department should revise its EMPG application and checklist to ensure they consistent with grant manual requirements, including requiring that application narratives include the project scope of work and timelines.

Department response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: EMPG is not a project based grant, but the application may include project(s). DEMA does require a scope of work for projects such as contractual services. DEMA agrees to have the application include a work plan that outlines the applicants' priorities, initiatives, and the grant requirements.

**Recommendation 8:** The Department should train all relevant staff on the newly developed or updated policies, procedures, and checklist for reviewing and approving EMPG applications.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The EMPG program coordinator will continue to update programmatic policies, procedures, and checklists for reviewing and approving EMPG applications.

**Recommendation 9:** The Department should develop and implement a goal and time frame for adopting eCivis, or a similar grants management system, to manage the EMPG.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: DEMA set aside grant funding specifically for the EMPG program to procure a system that can be tailored to fit the needs of the program and the reporting requirements and intends to have a system in place by December 2023.

**Recommendation 10:** The Department should conduct a risk assessment of its IT systems and develop and implement a written action plan for the development and implementation of all ASET-required IT security procedures, focusing on the highest priority IT security areas first. The action plan should include specific tasks and their estimated completion dates, assign staff responsibility for completing and overseeing completion of the task, and include a process for regularly reviewing and updating the plan based on its progress.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department is hiring a permanent CIO, first one in many years, to manage its state IT program.