



AUDITOR GENERAL'S COMMENTS ON THE ACA RESPONSE

The Joint Legislative Audit Committee requires all agencies to respond to whether they agree with our findings and plan to implement the recommendations. However, the ACA has included certain statements in its response that misrepresent our work, mislead the reader, and deflect attention from the message that the ACA needs to improve its performance in various areas. To provide clarity and perspective, we are commenting on the ACA's response to our audit.

1. Throughout its response to Finding 1 and Sunset Factor 2, the ACA asserts that its staff performed certain activities such as verifying various information and conducting supervisory reviews that misrepresent its compliance with statutory and policy requirements (see ACA response, pages 2, 3, and 6).

As reported in Finding 1 (see pages 11 through 16) and Sunset Factor 2 (see pages 25 through 34), the ACA lacked evidence showing it verified various requirements or information and/or conducted supervisory reviews before approving Quality Jobs tax credits and awarding A1 grants, and addressed trade office nonperformance.

For example, although the ACA has included a table with its response asserting that it collected all necessary Quality Jobs tax credit eligibility documentation, as we reported in Finding 1 (see pages 12 through 14), none of the 21 Quality Jobs tax credits the ACA approved that we reviewed included any documentation demonstrating that the ACA used Unemployment Insurance Tax and Wage reports filed with the Arizona Department of Economic Security to verify business-reported job creation information as required by the ACA's policy. Further, for 1 Quality Jobs tax credit the ACA approved, although the ACA's table indicates it obtained proof of the business meeting capital expenditure requirements, such proof was not included in any of the documents the ACA provided to us related to this company's Quality Jobs tax credit approval.

2. The ACA's response to Recommendation 10 (see ACA response, page 6) inaccurately represents its compliance with its procurement policy for the 2023 private CEO Forum transportation expenditures when it states, "The decisions made by the ACA in the matter referenced in the audit report were fully compliant with ACA procurement policies. The issue identified was related to additional documentation. The ACA will continue to follow its procurement policy."

The ACA's procurement policy requires the ACA to maintain documentation supporting the ACA Chief Operating Officer's reasons that competition was not practicable and/or would not further the interests of the ACA and why the price paid was considered reasonable; the ACA did not provide us any evidence to show that it complied with this requirement.