

DATE: September 28, 2006

TO: Representative Laura Knaperek, Chair  
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Kim Hildebrand, Manager, Performance Audit Division

SUBJECT: Assignment of Sunrise Reports to Committees of Reference

### **Background**

Laws 1985, Chapter 352 established the sunrise review process. This law provides a mechanism for health professions to request that the State regulate a currently unregulated profession or to request a regulated profession's expansion of the scope of practice.

To initiate the process, an applicant group must submit a written report to JLAC by September 1, responding to the statutorily prescribed sunrise factors in A.R.S. §32-3105 or 32-3106. JLAC then assigns the report to a Committee of Reference (COR) for review. The COR is required to study the sunrise report and deliver its recommendations to JLAC, the Governor, the President of the Senate, the Speaker of the House of Representatives, and the applicant group by December 1 of the same year the sunrise request is submitted to JLAC.

### **Action Required**

Four sunrise reports have been received. Per A.R.S. §32-3104, JLAC needs to assign each of these to a COR:

1. Arizona Optometric Association—expand scope of practice regarding oral pharmaceuticals
2. Arizona Dental Association—expand scope of practice by creating a new position titled Community Dental Health Coordinator who would be able to perform new duties and specified procedures that can currently only be performed by a licensed dentist.

3. Arizona Alliance of Non Physician Surgical Assistants—propose regulating the profession
4. Association of Equine Dental Practitioners—propose regulating the profession

DATE: September 28, 2006

TO: Representative Laura Knaperek, Chair  
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Melanie M. Chesney, Director, Performance Audit Division

SUBJECT: 2008/2009 Performance Audit Cycle – Consider Approval of Proposed Schedule

## **Background**

Laws 1978, Chapter 210 established the sunset review process, which requires most state agencies to receive a systematic evaluation at least once every 10 years to determine whether they should be continued or terminated. A.R.S. §41-2953.B directs the Auditor General to provide JLAC a list of agencies scheduled for termination in the next sunset schedule. The Auditor General's Office does not have sufficient resources to conduct all sunset reviews; therefore, JLAC determines which agencies the Auditor General will review and which the Committees of Reference (COR) will review.

Before giving JLAC a proposed audit schedule, the Auditor General obtains background information on the agencies, as well as information from legislators and other interested parties, to identify and recommend which agencies the Auditor General's Office should audit. The Office attempted to contact every legislator to determine those agencies on the upcoming cycle for which legislators have concerns or issues. Since the Auditor General's Office does not have the resources to audit every agency on the cycle, the Office uses the information obtained from legislators and others to prioritize those agencies that our Office should audit and recommends that the COR audit the remaining agencies. However, JLAC ultimately determines whether the Auditor General's Office or a COR will conduct the sunset audit.<sup>1</sup>

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<sup>1</sup> If a COR is assigned to conduct the sunset audit, it is actually the standing committee's legislative staff who will conduct the review for the COR. The essential difference between a sunset audit conducted by the Auditor General's Office and a review conducted by a COR is the depth and scope of the work performed.

The proposed audit schedule for 2008/2009 is attached. This schedule lists the agencies we propose the Auditor General's Office audit as well as those we recommend for the COR. The schedule also identifies five audits that the Auditor General's Office is mandated by statute to conduct and provides flexibility in accommodating two additional audits in this cycle.

### **Action Required**

Per statute, JLAC is required to review the sunset termination schedule prepared by the Auditor General's Office and determine which agencies will be audited by the Auditor General's Office and which agencies will be audited by the Committees of Reference.

## 2008/2009 PROPOSED AUDIT SCHEDULE

### **Statutorily Mandated Audits**

1. University Audits (3 audits)
2. Electric Power Competition §30-806 and §40-202
  - a. §30-806 - service territory supplier of last resort
  - b. §40-202 - service territory electric distribution
3. Judiciary Programs (2 audits)
  - a. Juvenile Treatment Services
  - b. Juvenile Detention Centers
4. Arizona Sports and Tourism Authority
5. Gila County Transportation Excise Tax

### **Future Legislative Mandates**

1. Special Audit Request
2. Special Audit Request

### **Sunset Audits - Recommend Auditor General Conduct**

1. Department of Juvenile Corrections (5 audits)
2. Department of Health Services (4 audits)
3. Vehicle Emissions Inspection Program
4. ADOT - MVD (1 audit on wait times)
5. Department of Gaming
6. Department of Water Resources
7. Department of Liquor Licenses and Control
8. State Compensation Fund
9. Biomedical Research Commission
10. Podiatry Board
11. State Board of Investment
12. Follow-ups at 6, 12, 18, and 24 months
13. Quick Response for Legislative Issues

### **Sunset Audits - Recommend Committee of Reference Conduct**

1. Department of Environmental Quality
2. Governor's Council on Developmental Disabilities
3. Department of Insurance
4. Residential Utility Consumer Office
5. Board of Athletic Training
6. Board on Geographic and Historic Names
7. Commission for the Deaf and Hard of Hearing
8. Arizona Neighborhood Preservation and Investment Commission
9. Arizona Commission on Uniform State Laws
10. Governor's Advisory Council on Aging
11. Workers Compensation Appeals Board
12. Joint Legislative Budget Committee
13. Auditor General's Office
14. Legislative Council and Ombudsman for Private Property Rights
15. State Library and Archives and Board of Library Examiners
16. Office of Ombudsman - Citizen's Aide

DATE: September 28, 2006

TO: Representative Laura Knaperek, Chair  
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Kim Hildebrand, Manager, Performance Audit Division

SUBJECT: Committee of Reference Assignments for 2007 Sunset Cycle and  
2007 Non-Sunset Audits

### **Background**

JLAC is statutorily required to assign agencies subject to a sunset review to a Committee of Reference (COR), regardless of whether the Auditor General's Office or a COR will conduct the sunset audit. JLAC is also responsible for assigning non-sunset audits to a COR. Agencies are generally assigned to a COR whose standing committee would most likely be responsible for hearing any legislation affecting that particular agency and that has knowledge or expertise in that particular subject area.

Attached is a list of the President's and Speaker's recommendations for the 2007 sunset audits (i.e., those audits due October 1, 2007, for agencies terminating July 1, 2008), as well as the 2007 non-sunset audits. The list also identifies whether the audit is being conducted by the Auditor General's Office or the COR, based on the audit schedule JLAC previously approved. The CORs are responsible for holding at least one public hearing to discuss the audit and receive testimony from agency officials and the public. These hearings should be held by December 1, 2007.

### **Action Required**

JLAC may either approve the CORs as recommended or assign new CORs.

**2007 PERFORMANCE AUDITS<sup>1</sup>**  
**PRESIDENT AND SPEAKER RECOMMENDATIONS**  
**FOR COMMITTEE OF REFERENCE (COR) ASSIGNMENTS**

<b>Statutory Reference</b>	<b>Agency and Programs Selected for Review</b>	<b>President</b>	<b>Speaker</b>
<b>ARS §41-3008.01</b>	<b>Law Enforcement Merit System Council</b>	Judiciary	JUD
<b>ARS §41-3008.02</b>	<b>Arizona State Veterinary Medical Examining Board</b>	NRRA	NRA
<b>ARS §41-3008.03</b>	<b>Arizona Beef Council</b>	NRRA	COM
<b>ARS §41-3008.05</b>	<b>State Land Department</b>	NRRA	CMMA
<b>ARS §41-3008.06</b>	<b>Board of Behavioral Health Examiners</b>	Health	Health
<b>ARS §41-3008.07</b>	<b>Structural Pest Control Commission</b>	CED	Commerce
<b>ARS §41-3008.08</b>	<b>Arizona Emergency Response Commission</b>	Government	FMPR
<b>ARS §41-3008.09</b>	<b>Board of Occupational Therapy Examiners</b>	Health	Health
<b>ARS §41-3008.10</b>	<b>Western Interstate Commission for Higher Education</b>	HED	Higher Ed.

<sup>1</sup> This listing is for those audits that are conducted under authority of the sunset law, specific legislation, or JLAC direction and are due in 2007. JLAC procedures require all audits to have a hearing. JLAC approves which COR will receive the assignment in order to conduct the hearing or may assign audits to JLAC for a hearing.

<b>Statutory Reference</b>	<b>Agency and Programs Selected for Review</b>	<b>President</b>	<b>Speaker</b>
<b>ARS §41-3008.11</b>	<b>Arizona Civil Rights Advisory Board</b>	Judiciary	JUD
<b>ARS §41-3008.12</b>	<b>Arizona Regulatory Board of Physician Assistants</b>	Health	Health
<b>ARS §41-3008.13</b>	<b>Arizona Racing Commission and Arizona Department of Racing</b>	NRRA	GRGFA
<b>ARS §41-3008.14</b>	<b>Commission for Postsecondary Education</b>	HED	Higher Ed.
<b>ARS §41-3008.15</b>	<b>Acupuncture Board of Examiners</b>	Health	Health
<b>ARS §41-3008.16</b>	<b>Arizona Pioneers' Home; Disabled Miners Hospital</b>	Government	GRGFA
<b>ARS §41-3008.17</b>	<b>Department of Transportation</b>	Transportation	Transportation
<b>ARS §41-3008.18</b>	<b>Board of Fingerprinting</b>	Government	JUD
<b>ARS §41-3008.19</b>	<b>School Facilities Board</b>	K-12	Education
<b>ARS §41-3008.20</b>	<b>Department of Economic Security</b>	Family Services	Human Services
<b>Laws 2006 Chapter 65</b>	<b>Board of Homeopathic Medical Examiners</b>	Health	Health



<b>Statutory Reference</b>	<b>Agency and Programs Selected for Review</b>	<b>President</b>	<b>Speaker</b>
<b>Laws 2006 Chapter 118</b>	<b>Arizona Outdoor Recreation Coordinating Commission</b>	NRRA	NRA
<b>Laws 2006 Chapter 209</b>	<b>Department of Economic Security, Division of Child Support Enforcement</b>	Family Services	Human Services
<b>ARS §41-1279.03</b>	<b>School District Audits</b>	K-12	Education
<b>ARS §41-1966</b>	<b>DES Child Protective Services</b>	Family Services	Human Services
<b>ARS §41-2958</b>	<b>Legislative Programs within the Judiciary</b>	Judiciary	JUD

DATE: September 28, 2006

TO: Representative Laura Knaperek, Chair  
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Kim Hildebrand, Manager, Performance Audit Division

SUBJECT: Re-assignment of one sunset audit to a Committee of Reference

### **Background**

JLAC selects which agencies are subject to sunset review by the Auditor General and which agencies are subject to sunset review by the Committees of Reference (COR). On May 24, 2005, JLAC assigned the Arizona Outdoor Recreation Coordinating Commission to a COR. However, the Arizona Outdoor Recreation Coordinating Commission needs to be reassigned to a COR because the original assigned COR was unable to obtain a quorum and did not conduct the sunset review hearing in 2005. Consequently, the Arizona Outdoor Recreation Coordinating Commission was given a 1-year continuation during this past 2006 legislative session. The President recommends assigning this agency to the Natural Resources and Rural Affairs Committee and the Speaker recommends assigning it to the Government Reform and Finance Accountability Committee.

### **Action Required**

Per statute, JLAC is required to assign agencies subject to a sunset review to a Committee of Reference.

DATE: September 28, 2006

TO: Representative Laura Knaperek, Chair  
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Sharron Walker, Director, Division of School Audits

SUBJECT: 2007 School District Performance Audit Schedule

## **Background**

A.R.S. §41-1279.03 requires the Office of the Auditor General to conduct performance audits of randomly selected school districts and to monitor school districts to determine the percentage of every dollar spent in the classroom.

The statute requires the Auditor General to determine, through random selection, the districts to be audited each year, subject to review by the Joint Legislative Audit Committee. Attachment 1 is a listing of the school districts randomly selected for the 2007 audit schedule and the current status of the 2006 audit schedule.

The school district performance audits review the districts' operations, such as administration, plant operations, and student transportation, and make recommendations to improve the percentage of dollars spent in the classroom. Beginning with the 2007 schedule, these audits will also review compliance with English Language Learner requirements for any of these selected districts that receive monies from the Structured English Immersion Fund or the Statewide Compensatory Instruction Fund<sup>1</sup>.

To comply with the additional statutory requirement to conduct a financial audit of the districts monitored by ADE for ELL compliance, this year's schedule will include a report on English Language Learner funding. This report, which will address all monitored districts under one cover, is planned to be issued in May 2007.

This year's schedule also includes the Technology Assisted Project Based Instruction (TAPBI) program performance audit, which is due by November 1, 2007<sup>2</sup>.

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<sup>1</sup> Laws 2006, Chapter 4, Section 7.

<sup>2</sup> Laws 2005, Chapter 323, Section 2.

### **Statutorily Mandated Study**

The Office of the Auditor General is also required to monitor the percentage of every dollar spent in the classroom. The annual *Dollars Spent in the Classroom* report will be issued in March 2007. This study determines the percentage spent in the classroom for the State and for each district. It also reports on districts' uses of Proposition 301 monies.

### **Action Required**

None. Per statute, JLAC is to review the selected school districts but is not required to approve them. This schedule is presented for committee information only.

**ATTACHMENT 1**

**2006 School District Audit Schedule**

<b>School District</b>	<b>County</b>	<b>2004 Classroom Dollars Percentage<sup>3</sup></b>	<b>Size<sup>4</sup></b>	<b>Release Date</b>
Arizona's Participation in the National School Lunch Program (NSLP)				December 2005
Seven Arizona Schools' Participation in the NSLP				February 2006
Litchfield Elementary	Maricopa	60.7%	Large	August 2006
Alpine Elementary	Apache	52.3%	Small	October 2006
Avondale Elementary	Maricopa	64.1%	Medium	November 2006
Deer Valley Unified	Maricopa	62.8%	Very Large	December 2006

<sup>1</sup> The state average for fiscal year 2004 was 58.6%.

<sup>2</sup> Size is based on fiscal year 2004 Average Daily Membership (ADM) and the following:

**Very Large** – 20,000 or more students

**Medium** – 600 to 4,999

**Large** – 5,000 to 19,999

**Small** – Fewer than 600

**2007 School District Audit Schedule**

<b>School District</b>	<b>County</b>	<b>2005 Classroom Dollars Percentage<sup>3</sup></b>	<b>Size<sup>4</sup></b>
Chandler Unified	Maricopa	63.7%	Very Large
Flagstaff Unified	Coconino	57.9%	Large
Tolleson Union High	Maricopa	59.9%	Large
Somerton Elementary	Yuma	50.7%	Medium
St. Johns Unified	Apache	55.2%	Medium
Union Elementary	Maricopa	49.6%	Small

<sup>3</sup> The state average for fiscal year 2005 was 58.4%.

<sup>4</sup> Size is based on fiscal year 2005 ADM using the categories described in note 2.

DATE: September 28, 2006

TO: Representative Laura Knaperek, Chair  
Members, Joint Legislative Audit Committee

THROUGH: Debbie Davenport, Auditor General

FROM: Melanie M. Chesney, Director, Performance Audit Division

SUBJECT: 2006-2008 Child Protective Services Audit Schedule

## **Background**

A.R.S. §41-1966, enacted during the 2003 Second Special Session, requires the Auditor General to establish a Child Protective Services (CPS) audit team to provide ongoing performance reviews and analyses of CPS. The statute requires the Auditor General to adopt an audit plan, subject to review by JLAC. As outlined in statute, this plan may include work to determine the validity and accuracy of information reported by CPS, other reviews and analyses of CPS, and reviews of specified functions or CPS-related processes as requested by JLAC. Effective July 1, 2004, the Legislature granted funding to the Auditor General's Office for a 3-person CPS audit team.

## **Audits**

Over the next 2 years (2006–2008), the CPS audit team plans to audit the following areas. The audits will address larger and/or more complex issues and recommendations will be included in the reports.

- Prevention programs
- Process for ensuring client concerns are adequately addressed/resolved
- Congregate care
- Relative placements
- In-home services

## **Other Reviews**

In addition, the team plans to publish the following information briefs and question-and-answer documents. Information briefs center on a narrowly focused issue, while question-and-answer documents provide short answers to multiple questions on a specific topic. Both types of documents are informational and do not include recommendations.

- Information briefs:
  - In-home services
  - Impact of the federal Deficit Reduction Act of 2005
  - Demographics on children and families in the CPS system
  - Child removal process
  
- Question-and-answer documents:
  - Substance-exposed newborns
  - Case file confidentiality
  - Hotline
  - Foster homes
  - Accreditation
  - Child advocacy centers
  - Employee evaluation process

## **Action Required**

None. This schedule is presented for JLAC information only.