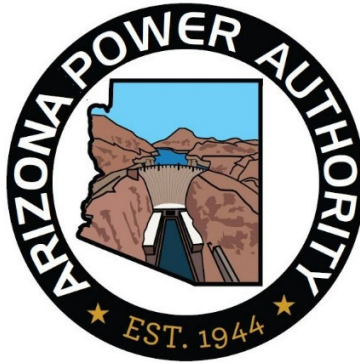


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April 12, 2024

Lindsey A. Perry
Auditor General
2910 N 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry,

Thank you for providing us with a final draft report of the Arizona Power Authority Per Diem Compensation and Expense Reimbursement audit. We appreciated the opportunity to respond to the findings and in all cases the APA has or will be taking action in regard to the recommendations. Below you will find our formal response and comments on the audit recommendations:

Arizona Power Authority (APA) chairman simultaneously held 2 positions, which may have been incompatible with State law; some commissioners approved own per diem and expense reimbursement payments inconsistent with SAAM; and APA overpaid its chairman \$281

Recommendation 1: The APA should, in consultation with its Assistant Attorney General, assess whether any actions should be taken to remedy conflicts that may have arisen from the chairman simultaneously performing the interim executive director's duties and implement any needed actions.

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

Recommendation 2: The APA should develop and implement written policies and procedures to ensure compliance with State prohibitions on individuals holding multiple and/or incompatible positions and consider and evaluate whether positions are incompatible if seeking to fill multiple positions with one individual.

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

Response explanation: This issue arose because of lack of policies and procedures to address the workings of the APA when no Executive Director is employed. This has been a rare occurrence and the APA will develop policies and procedures to address this situation.

Recommendation 3: The APA should revise and implement its written policies and procedures to ensure the review and approval of per diem and expense reimbursement payments are properly separated and not approved by those receiving the payments, as required by SAAM.

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

Response explanation: The APA has already implemented accounting controls to address this and will be formalized in the APA's policies and procedures.

Recommendation 4: The APA should develop and implement procedures to track and monitor commissioner per diem compensation during the calendar year to ensure compensation does not exceed \$3,000 per year for any individual commissioner.

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

Response explanation: The APA has already implemented procedures to track this. Quarterly the Accounting department will pull a report summarizing how many days each commissioner has performed work for the APA. If any commissioner comes within 25% of the maximum number of days, the report will then be pulled monthly, the commissioner and the Executive Secretary will be notified of the number of days already used and the commissioner will be reminded that the APA cannot compensate for more than 100 days per calendar.

Recommendation 5: The APA should in consultation with its Assistant Attorney General, determine whether to pursue reimbursement from the chairman for the \$90 per diem overpayment.

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

Recommendation 6: The APA should revise and implement its procedures to include steps to review and ensure that expense reimbursements align with the rates outlined in SAAM.

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

Response explanation: Accounting controls have already been implemented to address this and will be formalized in the APA's policies and procedures.

I wish to thank the auditors for their professionalism and thorough review of our Per Diem Compensation and Expense Reimbursement policies and procedures. Through your efforts, the APA has been able to improve our current procedures to be more effective for our customers.

Sincerely,



Jordy Fuentes
Executive Director