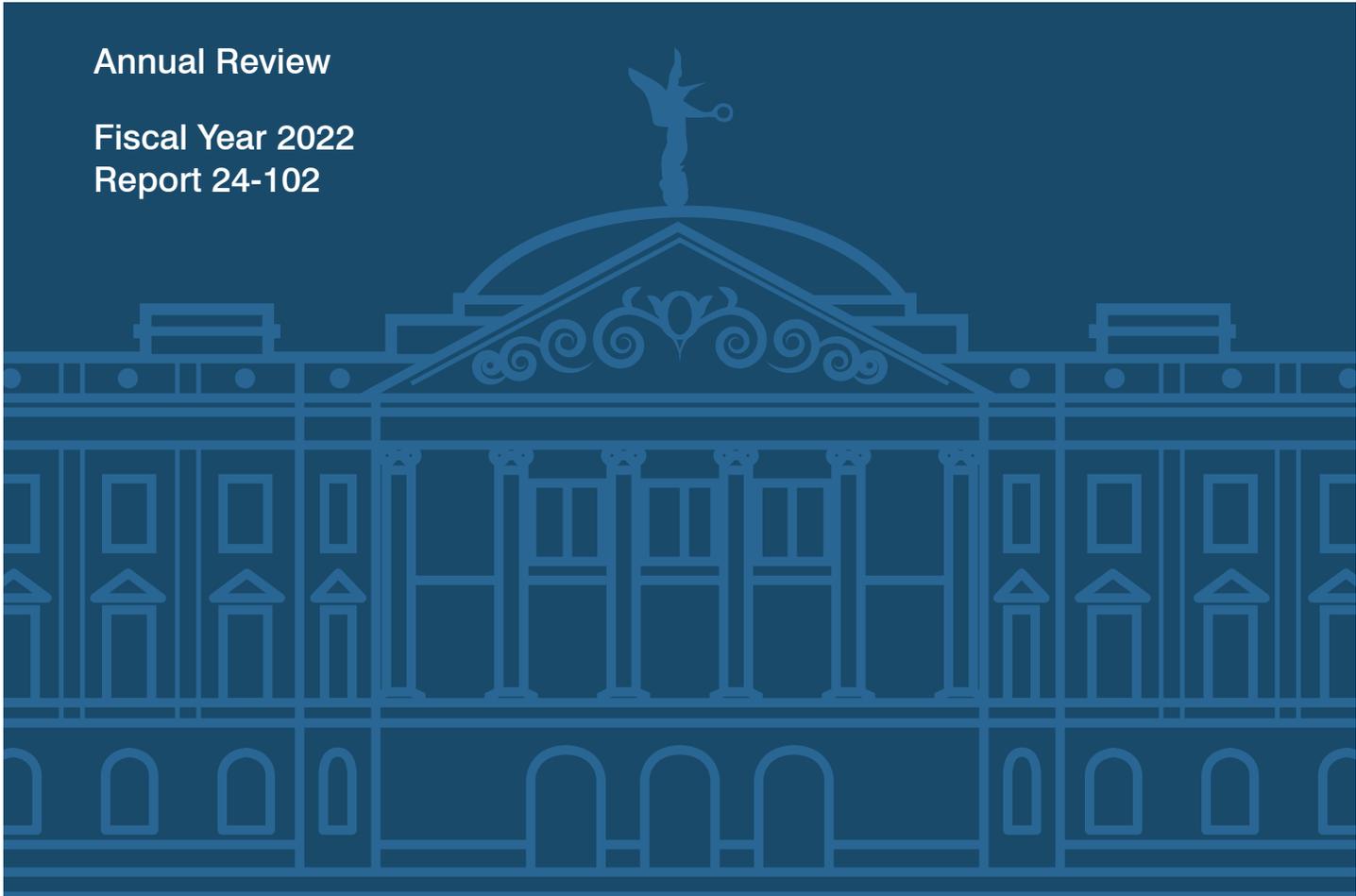


# State Board Member Per Diem Compensation and Expense Reimbursements

Annual Review

Fiscal Year 2022  
Report 24-102



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Auditor General’s mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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April 22, 2024

Members of the Arizona Legislature

The Honorable Katie Hobbs, Governor  
State of Arizona

Transmitted herewith is a report of the Arizona Auditor General, *State Board Member Per Diem Compensation and Expense Reimbursements*, for fiscal year 2022. This review was conducted pursuant to Arizona Revised Statutes §41-1279.03(A)(10).

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General



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## Summary

As required by law, we conducted a review of per diem compensation and expense reimbursement payments to members of State boards, commissions, councils, and advisory committees (collectively referred to as boards) for fiscal year 2022.<sup>1</sup> The boards are required to pay per diem compensation and reimburse expenses in accordance with State law and State or board policies and procedures. However, 1 board, the Arizona Power Authority, assigned its chairman to simultaneously hold 2 positions with conflicting duties, which may have been incompatible with State law; its chairman and vice chairman approved their own per diem and expense reimbursement payments, inconsistent with SAAM; and it overpaid its chairman \$281. Three other boards we reviewed, the Independent Redistricting Commission, Corporation Commission, and State Board of Education, did not reimburse board members in accordance with State policies. Additionally, we followed up with the Arizona Game and Fish Department on the recommendation we made to it in our fiscal year 2021 report (Report 22-302) and determined that the Department implemented our recommendation.

## State board members may receive per diem compensation and expense reimbursements, but amounts vary

Arizona's boards are primarily authorized by statute or executive order that usually state whether board members are eligible for per diem compensation and/or expense reimbursements. Members of some boards may receive per diem compensation and/or be reimbursed expenses for each day engaged in service of the board, whereas members of other boards may not be permitted to receive any compensation (see Figure 1, page 2, for definitions). Per diem compensation ranges from \$30 to \$300 per day. Expense reimbursements are governed by A.R.S. Title 38, Ch. 4, Art. 2, and the *State of Arizona Accounting Manual (SAAM)*.<sup>2</sup>

As shown in Figure 1, page 2, fiscal year 2022 per diem compensation was similar to fiscal year 2021. However, fiscal year 2022 expense reimbursements increased by \$111,459 from the previous year. This increase in expense reimbursements was likely due to board members traveling more and a return to in-person meetings following the COVID-19 pandemic in 2020.

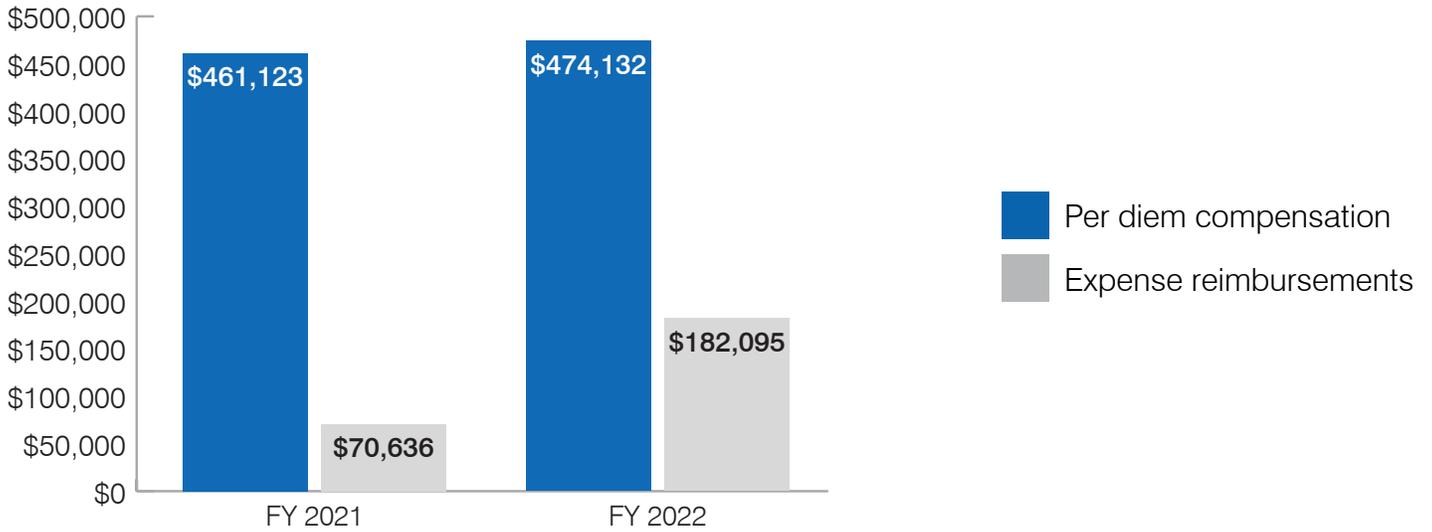
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<sup>1</sup> This review was conducted pursuant to Arizona Revised Statutes (A.R.S.) §41-1279.03(A)(10). We conducted procedures to review the per diem compensation and expense reimbursement payments to members of State boards, commissions, councils, and advisory committees to determine if they were compensated in accordance with State law and State or board policies and procedures from July 1, 2021 to June 30, 2022. Our review included performing data analytics on the entire population of fiscal year 2022 per diem and expense reimbursement payments, and a detailed review of a judgmental sample of per diem and expense reimbursement payments. The judgmental sample consisted of 16 per diem payments totaling \$11,447.33 encompassing 8 different State agencies and 13 different board members, and 38 expense reimbursement payments totaling \$28,584.76 encompassing 10 different State agencies and 27 different board members. We reviewed each board's payment documentation to determine if the compensation and reimbursements were in accordance with State law and board policy, properly supported, and were reviewed and approved by the appropriate personnel.

<sup>2</sup> The SAAM contains the State's accounting policies and procedures and is published by the Arizona Department of Administration's General Accounting Office in accordance with statute.

**Figure 1**

Fiscal year 2022 per diem remained steady, but expense reimbursements increased compared to fiscal year 2021



**Per diem compensation**

Compensation paid to board members for attendance at board meetings and/or for time engaged in the service of the board.

**Total per diem compensation**

**Fiscal year 2022:** \$474,132  
46 State agencies and 321 board members.

**Expense reimbursements**

Reimbursement of expenses incurred by board members while attending board meeting or performing board work, such as mileage, meals, lodging, airfare, and cell phones.

**Total expense reimbursements**

**Fiscal year 2022:** \$182,095  
40 State agencies and 305 board members.

Source: Auditor General staff analysis of the State's payroll system; A.R.S. §38-611; A.R.S. Title 38, Ch. 4, Art. 2; *State of Arizona Accounting Manual*; and the specific statutes relating to the compensation for each board. Reported amounts do not include payments to board members who received salaries.



## 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

### **APA Commission oversees APA, which markets power to wholesale customers in Arizona, and members can receive per diem compensation for performing Commission duties—**

The APA is responsible for marketing power to wholesale customers, such as cities, towns, and irrigation and electrical districts, and is overseen by a 5-member, Governor-appointed Commission. Commissioners' responsibilities include reviewing monthly operational reports and expenditures. Commissioners are statutorily authorized to receive \$30 per day for time spent in the service of the APA, not to exceed \$3,000 per year, excluding allowable expenses, and Commission members may receive expense reimbursements in accordance with the provisions and directives contained in SAAM.<sup>3,4</sup> According to the APA, the Commission's executive director is responsible for reviewing and approving the commissioners' per diem and expense reimbursement requests, with the Commission chairman providing a second approval.

### **Commission assigned chairman to simultaneously act as the APA's interim executive director, which may have been incompatible with State law—**

Pursuant to statute, the Commission employs the APA's executive director, who is statutorily prohibited from holding any other public office.<sup>5</sup> After the prior APA executive director left the APA in October 2021, the Commission assigned its chairman to simultaneously act as the APA's interim executive director while continuing to serve as Commission chairman, despite the possibility that the duties of both positions, interim executive director and Commission chairman, may have been incompatible under State law.<sup>6</sup> The Commission chairman fulfilled the APA's executive director duties for a 7-month period, from November 2021 to May 2022, while the Commission searched for a new executive director.

<sup>3</sup> A.R.S. §30-106(B) authorizes commissioner compensation as determined by A.R.S. §38-611, in an amount not to exceed \$3,000 "per annum," exclusive of allowable expenses. A.R.S. §38-611(C) defines the rate as \$30 for each day the commissioner is engaged in the service of the commission.

<sup>4</sup> Examples of reimbursable expenses include transportation expenses, including for mileage driven and lodging expenses. As discussed in the introduction (see page 1), expense reimbursements are governed by the SAAM. See SAAM 5565, *Payroll and Personnel, Compensation and Expense Reimbursements Paid to Board Members*, 2.2, <https://gao.az.gov/sites/default/files/2022-05/5565%2520Compensation%2520and%2520Expense%2520Reimbursements%2520Paid%2520to%2520Board%2520Members%2520171211.pdf>.

<sup>5</sup> A.R.S. §30-108(C).

<sup>6</sup> The Arizona common law doctrine of incompatibility precludes a person from holding 2 public positions simultaneously when the duties of the 2 positions are in conflict, such as when one office has the power of reviewing or regulating the conduct of another. *Perkins v. Manning*, 59 Ariz. 60, 122 P.2d 857 (1942), Op. Ariz. Att'y Gen. 190-023 (March 2, 1990), and Op. Ariz. Att'y Gen. 183-035 (April 6, 1983). See also Arizona Office of the Attorney General. (2018). *Arizona agency handbook*. Phoenix, AZ. Retrieved 12/15/2023 from [https://www.azag.gov/sites/default/files/docs/agency-handbook/2018/agency\\_handbook\\_chapter\\_8.pdf](https://www.azag.gov/sites/default/files/docs/agency-handbook/2018/agency_handbook_chapter_8.pdf).

**Some commissioners approved their own per diem and expense reimbursement payments, inconsistent with SAAM**—During fiscal year 2022, the chairman reviewed and approved all Commission per diem and expense reimbursements, including his own. In addition, during the 7-month period that the chairman simultaneously performed the APA executive director’s duties, the Commission’s vice-chairman provided a second approval for all Commission per diem and expense reimbursement payments, which included approving his own payments. Although the chairman’s and vice chairman’s payment request reviews and approvals were consistent with the APA’s reported process of having the executive director and the chairman review and approve all payments, they were inconsistent with SAAM, which states an individual must not approve their own reimbursement for travel or other expenses incurred on behalf of the State.<sup>7</sup>

**Chairman’s total annual per diem and 1 lodging reimbursement exceeded allowable amounts**—In calendar year 2022, the APA paid its chairman \$90 more than the APA’s statutorily allowed annual maximum per diem compensation of \$3,000.<sup>8</sup> Our review found the APA compensated the chairman/ interim executive director \$3,090 for 103 days of per diem during calendar year 2022, which included the time spent performing both chairman and interim executive director duties. The APA attributed 33 days of the chairman’s calendar year 2022 per diem pay to performing interim executive director duties, and the remaining 70 days were related to chairman duties.

Additionally, our review of 6 of 36 expense reimbursements made during fiscal year 2022 found that in December 2021, the APA made 1 reimbursement to the chairman for approximately \$281 more than the lodging rates allowed by SAAM.<sup>9</sup> Specifically, the chairman was reimbursed approximately \$495 for a 2-night hotel stay, for which the SAAM allowable rate for the location and season for the 2 days was approximately \$216, including taxes.<sup>10</sup> After we informed APA of the overpayment, APA recovered the overpayment from the chairman by withholding \$281 from the chairman’s expense reimbursement payments between April and June 2023.

**Lack of written policies and procedures contributed to APA’s per diem and lodging reimbursement overpayments and noncompliance with State requirements and increases the risk of future overpayments and noncompliance**—Although the APA reported it was aware of the statutory annual maximum compensation of \$3,000 per commissioner, it reported it did not have a formal process to track and monitor total commissioner payments because commissioners typically serve 1 or 2 days per month. Additionally, although APA staff reported that they review supporting documentation submitted by commissioners to determine whether requested expense reimbursements are within SAAM’s allowable rates, APA did not provide documentation of these reviews, and APA’s written policies and procedures did not require any review of supporting documentation submitted by commissioners. Absent a process to track and monitor commissioner payments and written policies and procedures for reviewing supporting documentation, the APA is at risk of making future per diem compensation and expense reimbursement overpayments.

APA’s monthly commissioner payment review and approval process also lacked a written procedure for ensuring that individuals do not approve their own expense reimbursement and per diem payments, and the APA lacked written policies and procedures to evaluate whether positions are incompatible if seeking to fill multiple positions with one individual. Absent these policies and procedures, the APA is at risk of future noncompliance with statutory and other legal prohibitions and SAAM requirements.

<sup>7</sup> See SAAM 5510, *Payroll and Personnel, Self-Entry and/or Approval of Certain Transactions Relating to Compensation*, 1.12, <https://gao.az.gov/sites/default/files/2022-05/5510%2520Self-Entry%2520and-or%2520Approval%2520of%2520Certain%2520Transactions%2520Relating%2520to%2520Compensation.pdf>.

<sup>8</sup> A.R.S. §30-106(B) authorizes commissioners to receive compensation not to exceed \$3,000 “per annum.” The APA reported that because commissioners’ terms begin in January, it considers the annual maximum to apply to the calendar year. Our analysis found that the chairman’s per diem payments in calendar year 2022 exceeded the statutorily allowable maximum of \$3,000 by \$90.

<sup>9</sup> We judgmentally selected 6 fiscal year 2022 expense reimbursement payments for review, totaling \$2,289.27, from a total population of 36 expense reimbursement payments the APA made to 5 different commissioners, totaling \$3,457.43.

<sup>10</sup> SAAM 5095, *Maximum Mileage, Lodging, Meal, Parking, and Incidental Expense Reimbursement Rates*, sets forth the maximum allowable lodging rates based on the location and date of travel. For this particular hotel stay, the SAAM allowed reimbursement of up to \$94 a night, plus applicable taxes, whereas the APA paid on average \$195 per night, plus taxes. <https://gao.az.gov/sites/default/files/2022-10/5095%20Reimbursement%20Rates%20%20221001.pdf>.

## Recommendations

The APA should:

1. 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.
2. 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.
3. 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.
4. 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.
5. In consultation with its Assistant Attorney General, determine whether to pursue reimbursement from the chairman for the \$90 per diem overpayment.
6. Revise and implement its procedures to include steps to review and ensure that expense reimbursements align with the rates outlined in SAAM.

**APA response:** As outlined in its [response](#), the APA agreed with the finding and will implement the recommendations.



## Independent Redistricting Commission (IRC) did not process a commissioner expense reimbursement in accordance with State policy, contributing to overpayments of nearly \$1,600

### **IRC is responsible for drawing the congressional and State legislative districts, and commissioners can receive reimbursement for expenses**

In November 2000, Arizona voters passed Proposition 106, a citizen initiative that amended the Arizona Constitution by removing the authority to draw congressional and State legislative districts from the State Legislature and reassigning this authority to a newly created IRC. Under the Arizona Constitution, the IRC consists of 5 commissioners who are eligible for reimbursement of expenses pursuant to law.<sup>11</sup> Additionally, expense reimbursements to commissioners are subject to SAAM provisions, including a maximum allowable lodging rate for the location and season of travel, and must be supported by appropriate documentation.<sup>12,13</sup>

**IRC overpaid commissioner nearly \$1,600 for expense reimbursements**—Our review of all 5 expense reimbursement payments the IRC made in fiscal year 2022 found that for 1 of these payments, the IRC reimbursed a commissioner for lodging that exceeded the State-approved rate by \$157.61 and improperly reimbursed the commissioner twice for the same travel claim of \$1,441.46.<sup>14</sup> In total, the IRC overpaid the commissioner \$1,599.07. However, after we informed the IRC of the overpayments, the commissioner returned the full amount of the overpayment to the IRC in July 2023.

**IRC's lack of written policies and procedures and detailed review of claims contributed to overpayments and increases the risk of future overpayments**—The IRC does not have written procedures for reviewing and paying commissioner reimbursement claims, and its staff's review of claims did not include steps to ensure lodging rates complied with the rates established in SAAM. Additionally, a communication error between the IRC and the Arizona Department of Administration's Central Services Bureau (CSB), which processes claims through the payroll system, contributed to duplicate reimbursement. Specifically, the IRC reported that after it submitted the commissioner's original travel claim to CSB, CSB informed the IRC that it needed proper identification for the commissioner to verify his identity and process the payment.<sup>15</sup> Despite lacking the required documentation, CSB processed the payment; however, according to the IRC staff, they were unaware the payment had been processed. When the commissioner provided the proper identification 3 months later, IRC staff resubmitted the claim to CSB without explanation of the

<sup>11</sup> Arizona Constitution Art. IV, §1.

<sup>12</sup> SAAM 5095, *Maximum Mileage, Lodging, Meal, Parking, and Incidental Expense Reimbursement Rates*, <https://gao.az.gov/sites/default/files/2022-10/5095%20Reimbursement%20Rates%20%20221001.pdf>.

<sup>13</sup> SAAM 5565, *Compensation and Expense Reimbursements Paid to Board Members*, 2.3, <https://gao.az.gov/sites/default/files/2022-05/5565%20Compensation%2520and%2520Expense%2520Reimbursements%2520Paid%2520to%2520Board%2520Members%2520171211.pdf>.

<sup>14</sup> The total population consisted of 5 payments totaling \$11,555.72 to 4 different commissioners.

<sup>15</sup> The IRC and CSB have entered an interagency service agreement, dated April 2021, for CSB to provide the IRC with accounting services, such as payroll, travel, payables, and reports.

reimbursement claim history, resulting in the commissioner being reimbursed twice for the same claim. Finally, the IRC's review process for commissioner reimbursement claims did not include steps to prevent or detect duplicate payments, which likely contributed to this error.

Absent written policies and procedures for reviewing claims, including steps to prevent or detect duplicate claims, the IRC is at risk of making future overpayments.

## **Recommendations**

The IRC should:

1. Reimburse commissioner expenses, including at State-approved lodging rates, in accordance with SAAM.
2. Develop and implement written policies and procedures for processing commissioner expense reimbursements, including:
  - a. Requirements for conducting a detailed review and approval to ensure expense reimbursements align with the rates outlined in SAAM, such as comparing supporting documentation to the allowable reimbursement scheduled in SAAM.
  - b. A process to detect duplicate reimbursement requests, such as performing a reconciliation of the transactions processed by CSB against the documentation provided to CSB.

**IRC response:** As outlined in its [response](#), the IRC agreed with the finding and will implement the recommendations.



## Arizona Corporation Commission (Corporation Commission) did not always pay Arizona Power Plant and Transmission Line Siting Committee (Committee) members in accordance with State laws and policies, contributing to overpayments totaling \$296

**Committee is responsible for evaluating applications to build power plants or transmission projects in the State, and members can receive per diem compensation and expense reimbursement**—Pursuant to A.R.S. §40-360.01(B) and (E), the Committee's members consist of the Arizona Attorney General or designee; directors of the Arizona Department of Water Resources, Arizona Department of Environmental Quality, Governor's Energy Office, or designee; Chairman of the Corporation Commission or designee; and 6 members appointed by the Corporation Commission. The 6 appointed members are eligible to receive per diem compensation and reimbursement for expenses incurred for their participation in Committee meetings.<sup>16</sup> SAAM requires that all expense reimbursements be supported by appropriate documentation.<sup>17</sup>

**Corporation Commission overpaid some Committee members for mileage and meals**—Our review of 7 of 39 expense reimbursement payments the Corporation Commission made in fiscal year 2022 found the Commission reimbursed 3 committee members incorrectly.<sup>18</sup> Specifically, the Corporation Commission improperly overpaid 2 committee members for mileage by \$189.81 and \$5.09, respectively. Additionally, the Corporation Commission erroneously paid a third committee member \$101.56 for meals, despite the committee member not requesting a reimbursement for meals.

After we informed the Corporation Commission of the overpayments, 1 committee member repaid the Corporation Commission \$189.81 for the overpayment of his expense reimbursement in May 2023. However, the Corporation Commission reported it did not request repayment from the other 2 committee members because they were no longer active members.

**Corporation Commission's data entry errors and lack of detailed claims review and written policies and procedures contributed to overpayments and increases the risk of future overpayments**—Corporation Commission staff input the total number of miles driven for 1 committee member as the amount to be reimbursed instead of the calculated mileage reimbursement amount and incorrectly input the total amount for another committee member. In addition, the Corporation Commission could not explain why it erroneously reimbursed a committee member for meals, but it indicated that this error

<sup>16</sup> A.R.S. §40-360.01(B) and (E).

<sup>17</sup> SAAM 5565, *Compensation and Expense Reimbursements Paid to Board Members*, 2.3, <https://gao.az.gov/sites/default/files/2022-05/5565%2520Compensation%2520and%2520Expense%2520Reimbursements%2520Paid%2520to%2520Board%2520Members%2520171211.pdf>.

<sup>18</sup> We judgmentally selected 7 expense reimbursements totaling \$2,187.54 for review from a total population of 39 expense reimbursements totaling \$7,595.26 to 7 different Committee members.

was likely due to a data entry error. Finally, the Corporation Commission lacked written policies and procedures requiring committee member reimbursements to be properly supported and reviewed for accuracy prior to payment. Absent these written policies and procedures for reviewing claims, the Corporation Commission is at risk of making future overpayments.

The Corporation Commission has since developed a written procedure for processing committee member expense reimbursements that includes these requirements.

## **Recommendations**

The Corporation Commission should:

1. Request reimbursement from the 2 committee members who were improperly overpaid \$101.56 and \$5.09, respectively.
2. Reimburse committee member expenses, including mileage and meals, at State-approved rates based on supporting documentation and in accordance with SAAM.
3. Implement its newly developed written procedure for processing committee member expense reimbursements.

**Corporation Commission response:** As outlined in its [response](#), the Corporation Commission agreed with the finding and will implement the recommendations.



## Arizona State Board of Education (Board) did not pay some Board members in accordance with State laws and policies, contributing to overpayments totaling approximately \$551

**Board is responsible for regulating the conduct of the public school system, and Board members can receive expense reimbursement**—The Board is established by the Arizona Constitution and is charged with regulating the conduct of the public school system.<sup>19</sup> The Board is composed of 11 members, including the State Superintendent of Public Instruction, the president of a State university, 4 lay members, a president or chancellor of a community college district, a person who is an owner or administrator of a charter school, a superintendent of a high school district, a classroom teacher, and a county school superintendent.<sup>20</sup> Members of the Board are eligible for reimbursement of travel expenses, which must be made in accordance with SAAM.<sup>21,22</sup> As stated in SAAM, lodging reimbursements for conferences in excess of the lowest published conference room rate require approval of the State Comptroller.<sup>23</sup>

**Board reimbursed a Board member improperly for mileage and reimbursed 2 other Board members above the State's maximum lodging rate**—Our review of all 13 expense reimbursement payments the Board made in fiscal year 2022 found the Board made 3 payments that exceeded State-approved rates.<sup>24</sup> Specifically, the Board improperly overpaid 1 Board member by \$157.53 for mileage and exceeded the State lodging rate for 2 Board members by \$337.50 and \$56.30, respectively, without receiving approval of the State Comptroller.

**Board's lack of written policies and procedures and detailed review of claims for accuracy contributed to overpayments and increases the risk of future overpayments**—For the 2 lodging reimbursements, the Board reported that because no rooms were available at the lowest published conference room rate, it reimbursed the Board members at a higher published conference room rate. The Board reported it did not request a policy exception from the State Comptroller because it was unaware of the SAAM policy requiring additional approval to pay for a published room rate exceeding the lowest published rate. The Board reported that its staff had advised the 2 Board members to book the hotel rooms at the higher rate. As a result, the Board reported that it did not plan to seek reimbursement from the Board members for the

<sup>19</sup> Arizona Constitution, Art. XI, §3, and A.R.S. §15-203.

<sup>20</sup> The term "lay members" is not defined within the Arizona Constitution or the Board's statutes.

<sup>21</sup> A.R.S. §15-202(C).

<sup>22</sup> SAAM, 5007, *Agency-level Travel Responsibilities*, 4.1.2, requires agency travel claim approvers to understand what constitutes an exception to travel policy, as well as when and how to request an exception to policy, if warranted. <https://gao.az.gov/sites/default/files/2022-05/5007%20Agency-level%20Travel%20Responsibilities%20200203.pdf>.

<sup>23</sup> SAAM, 5008 *Travel Matters Requiring the Approval of the State Comptroller*, 1 through 1.2, requires that, if the lowest published conference room rate is not available and lodging is needed at an amount higher than the State rate or the lowest published conference rate, an exception by the State Comptroller is required to reimburse lodging at a higher rate. <https://gao.az.gov/sites/default/files/2022-05/5008%20Travel%20Matters%20Requiring%20the%20Approval%20of%20the%20State%20Comptroller%20170130.pdf>.

<sup>24</sup> The total expense reimbursement population consisted of 13 payments totaling \$4,942.60 to 4 different board members.

lodging overpayments. The Board also reported it made a data entry error in which the mileage entered in the payroll system did not match the supporting documentation, resulting in the improper overpayment to 1 Board member. According to the Board, it planned to seek reimbursement for the mileage overpayment.

The Board also lacked training for Board members and staff on SAAM travel claim requirements and written procedures requiring Board member reimbursements to be reviewed for accuracy and compliance with SAAM requirements prior to payment. Absent training and written policies and procedures for reviewing claims for accuracy and compliance with SAAM requirements, the Board is at risk of making future overpayments.

After the audit, the Board developed a training course related to travel claim reimbursements for its staff and Board members. In addition, it developed written policies and procedures for travel claims that included a requirement for Board member reimbursement to be reviewed for accuracy and compliance with SAAM requirements prior to payment. Further, although the Board reported it developed a process to ensure the accuracy of payments by reviewing them after they have been processed in the payroll system, it has not yet documented this process in its written policies and procedures.

## **Recommendations**

The Board should:

1. Request reimbursement from the Board member who was improperly overpaid \$157.53.
2. Reimburse Board member expenses, including mileage and lodging, at State-approved rates in accordance with SAAM.
3. Implement its training course and written policies and procedures for processing board member travel claim reimbursements.
4. Document in a written procedure and implement its process to review payments after they have been processed in the payroll system.

**Board response:** As outlined in its [response](#), the Board agreed with the finding and will implement the recommendations.

## Status of recommendation from 2021 annual review

We also followed up on a recommendation made to the Arizona Game and Fish Department (Department) from our Fiscal Year 2021 Annual Report (Report 22-302) and determined the recommendation has been implemented.

1. The Department should enhance its policies for per diem compensation claimed by commissioners to be better supported and more transparent, such as by requiring the activities performed in service of the Commission to be clearly documented with details and verifiable information.

**Implemented**—In September 2022, the Department developed and implemented policies and procedures to require its commissioners to complete a time and travel worksheet that includes travel dates, times, and a brief description of the work or activity performed during the travel. In addition, our review of 6 per diem compensation claims for Department commissioners during the period September 2022 through April 2023 found that the commissioners included the required information in their time and travel worksheets, including a description of the work performed and the amount of time for each day of per diem requested.

## Arizona Auditor General website report link

Previous State Board Member Per Diem Compensation and Expense Reimbursements Annual Review reports are available at this [link](#).

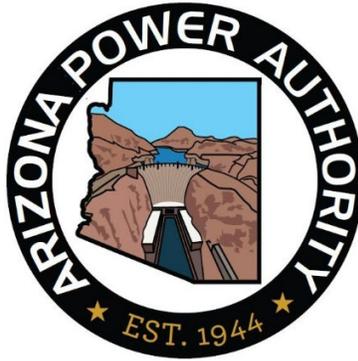
# APA RESPONSE

## COMMISSION

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April 12, 2024

Lindsey A. Perry  
Auditor General  
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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

# IRC RESPONSE

# ARIZONA

INDEPENDENT REDISTRICTING COMMISSION

March 14, 2024

Arizona Independent Redistricting Commission  
1110 W. Washington Street, Ste. 127  
Phoenix, AZ 85007

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

Dear Ms. Perry,

Thank you for providing us with a final report draft of the Arizona Independent Redistricting Commission Audit. We appreciate the opportunity to respond. Attached, please find our final response to the audit findings.

Please feel free to contact me with any questions.

Sincerely,

*Valerie Neumann*

Valerie Neumann

Deputy Director  
Arizona Independent Redistricting Commission

Independent Redistricting Commission (IRC) did not process a commissioner expense reimbursement in accordance with State policy, contributing to improper overpayments of nearly \$1,600

**Recommendation 1:** The IRC should reimburse commissioner expenses, including at State-approved lodging rates, in accordance with SAAM.

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

Response explanation: The IRC has sunsetted and will not be submitting any further expense or travel reimbursements. A new Commission will be appointed in 2030, and should follow the Auditor General's recommendation.

**Recommendation 2:** The IRC should develop and implement written policies and procedures for processing commissioner expense reimbursements, including:

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

Response explanation: The IRC has sunsetted and will not be submitting any further expense or travel reimbursements. A new Commission will be appointed in 2030, and should follow the Auditor General's recommendation.

**Recommendation 2a:** Requirements for conducting a detailed review and approval to ensure expense reimbursement align with the rates outlined in SAAM, such as comparing supporting documentation to the allowable reimbursement scheduled in SAAM.

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

Response explanation: The IRC has sunsetted and will not be submitting any further expense or travel reimbursements. A new Commission will be appointed in 2030, and should follow the Auditor General's recommendation.

**Recommendation 2b:** A process to detect duplicate reimbursement requests, such as performing a reconciliation of the transactions processed by CSB against the documentation provided to CSB.

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

Response explanation: The IRC has sunsetted and will not be submitting any further expense or travel reimbursements. A new Commission will be appointed in 2030, and should follow the Auditor General's recommendation.

# CORPORATION COMMISSION RESPONSE

COMMISSIONERS  
JIM O'CONNOR - CHAIRMAN  
LEA MÁRQUEZ-PETERSON  
ANNA TOVAR  
KEVIN THOMPSON  
NICK MYERS



Executive Director  
DOUGLAS R. CLARK

**ARIZONA CORPORATION  
COMMISSION**

March 8, 2024

Lindsey A. Perry  
Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Perry,

Thank you for providing us with a final report draft of the State Board Member Per Diem Compensation and Expense Reimbursements - Fiscal Year 2022 Audit. We appreciate the opportunity to respond. Attached, please find our final response to the audit findings.

Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas R. Clark". The signature is fluid and cursive, with the first name being the most prominent.

Douglas R. Clark  
Executive Director

Arizona Corporation Commission (Corporation Commission) did not always pay Arizona Power Plant and Transmission Line Siting Committee (Committee) members in accordance with State laws and policies, contributing to overpayments totaling \$296

**Recommendation 1:** The Corporation Commission should request reimbursement from the 2 committee members who were improperly overpaid \$101.56 and \$5.09, respectively.

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

Response explanation: Commission will attempt to contact these past members.

**Recommendation 2:** The Corporation Commission should reimburse committee member expenses, including mileage and meals, at State-approved rates based on supporting documentation and in accordance with SAAM.

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

Response explanation: Commission is already doing this.

**Recommendation 3:** The Corporation Commission should implement its newly developed written procedure for processing committee member expense reimbursements.

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

Response explanation: Commission is already doing this.

# BOARD RESPONSE



## Arizona State Board of Education

1700 W. Washington Street  
Executive Tower, Suite 300  
Phoenix, Arizona 85007  
Phone: (602) 542-5057  
Website: azsbe.az.gov



April 4, 2024

Lindsey Perry, Auditor General  
Arizona Auditor General  
2910 N 44<sup>th</sup> St, Ste. 410  
Phoenix, Arizona 85018

Dear Ms. Perry:

Thank you for providing us with the preliminary report draft and granting us the opportunity to offer a response.

Board of Education (Board) did not pay some Board members in accordance with State laws and policies, contributing to overpayments totaling approximately \$551

**Recommendation 1:** The Board should request reimbursement from the Board member who was improperly overpaid \$157.53.

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

Response explanation: We acknowledge the finding and will request reimbursement from the Board member who was improperly overpaid \$157.53.

**Recommendation 2:** The Board should reimburse Board member expenses, including mileage and lodging, at State-approved rates in accordance with SAAM.

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

Response explanation: We acknowledge the finding and are committed to implementing the recommendation.

**Recommendation 3:** The Board should implement its training course and written policies and procedures for processing board member travel claim reimbursements.

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

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*President:* Dr. Daniel Corr • *Vice President:* Katherine Haley  
*Superintendent of Public Instruction:* Tom Horne  
Jason Catanese • Jennifer Clark • Dr. Jacqui Clay • Dr. Scott Hagerman  
Julia Meyerson • Karla Phillips-Krivickas • Dr. Robert Robbins • Anna Tovar  
*Executive Director:* Sean Ross



## Arizona State Board of Education

1700 W. Washington Street  
Executive Tower, Suite 300  
Phoenix, Arizona 85007  
Phone: (602) 542-5057  
Website: azsbe.az.gov



Response explanation: We acknowledge the finding and are committed to implementing the recommendation. The recommendation will be implemented no later than June 30, 2024.

**Recommendation 4:** The Board should document in a written procedure and implement its process to review payments after they have been processed in the payroll system.

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

Response explanation: We acknowledge the finding and are committed to implementing the recommendation. The recommendation will be implemented no later than June 30, 2024.

If any other information is needed, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean Ross".

Sean Ross  
Executive Director

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*President:* Dr. Daniel Corr • *Vice President:* Katherine Haley  
*Superintendent of Public Instruction:* Tom Horne  
Jason Catanese • Jennifer Clark • Dr. Jacqui Clay • Dr. Scott Hagerman  
Julia Meyerson • Karla Phillips-Krivickas • Dr. Robert Robbins • Anna Tovar  
*Executive Director:* Sean Ross

