



ARIZONA STATE BOARD OF EQUALIZATION

100 North Fifteenth Avenue, Suite 130

Phoenix, Arizona 85007

(602) 364-1600

<https://sboe.az.gov>

December 8, 2025

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

Dear Auditor General Lindsey Perry,

Thank you for providing us with a final draft report of the Arizona State Board of Equalization Per Diem Compensation and Expense Reimbursement audit. We appreciate the opportunity to respond to the findings. The SBOE has taken action regarding the recommendations. Below you will find our formal response and comments on the audit recommendations:

Finding 1: *Arizona Department of Administration's Central Services Bureau (CSB) incorrectly processed some travel claim payments for 3 agencies and adjusted a travel claim without notifying another agency in sample of reimbursements we reviewed, and agencies did not verify payment amounts to identify errors/adjustment*

Arizona State Board of Equalization response: The SBOE agrees to the Auditor General's finding and the audit recommendation.

Response explanation: The audit identified the incorrect payment to one board member.

Recommendation 10: *Work with the CSB to correct the board member's travel claim payment error we identified, as applicable.*

Arizona State Board of Equalization response: The audit recommendation will be implemented. The CSB has rectified the errant data entry. The SBOE notified the party and CSB accomplished collection and restitution through CSB payroll. The SBOE has implemented additional procedures to validate data entry by both the SBOE and CSB.

Response explanation: After the review of the audit, the SBOE contacted the CSB and identified the error in the data entry. CSB has agreed to provide the SBOE in the future with a spreadsheet of the data entry items. This activity will allow the SBOE compare data submitted to the CSB payroll section and the data entered by the board members as well as the data submitted by the SBOE to CSB.

Recommendation 11: *Develop and implement written policies and procedures for processing board member expense reimbursements, including requirements to reconcile approved board member claims submitted to CSB to amounts paid to ensure all board members were paid appropriately and follow up on any discrepancies.*


Arizona State Board of Equalization response: The audit recommendation will be implemented.

Response explanation: The SBOE has developed a board member electronic sign in/sign out process for all board member and hearing officer assignments. The member can view and validate their attendance. The SBOE has modified its procedures for the transmission of pay documents to CSB Payroll to clearly identify the proper amounts due to board members and hearing officers. The SBOE will use the electronic sign in/sign out for all board members and hearing officers. The SBOE staff will use the electronic sign in/sign out to reconcile correct pay per diem for each member. The SBOE requires all board members and hearing officers to submit appropriate travel claims and expense vouchers accompanied by original receipts. The SBOE staff validates the receipts for compliance with SAAM requirements. Data is entered into the Payroll system using the following procedures”.

- The SBOE will pay board members pursuant to A.R.S. § 42-16153. The SBOE will grant partial-day pay for hearing activities of less than 5 hours (see A.R.S. § 46-16153.D).
- The Chairman of the SBOE will initiate the payroll entry for SBOE members and Hearing Officers by sending a payroll coversheet to ADOA accounting along with the travel claims.
- SBOE staff members will review all pay entry items prior to the submission of the payroll transmittal document to CSB Payroll.
- The CSB payroll section will send a spreadsheet containing all data entry to the SBOE at the close of each payroll. The SBOE will reconcile the transmittal document against the OTPAY document and spreadsheet provided by CSB payroll for each employee and board member. The SBOE will report any discrepancies to the CSB Payroll section.

I wish to thank the auditors for their professionalism and thorough review of our Per Diem Compensation and Expense Reimbursement policies and procedures.

Respectfully submitted,



George R. Shook

Acting Chairman Arizona State Board of Equalization