

1/08/2026

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

Dear Ms. Perry,

The Central Services Bureau (CSB) thanks you for providing us with the report and for the opportunity to respond. Please see the findings along with the response, explanations and responses to the recommendations below.

**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

**CSB response:** Concur

**Response explanation:** The Central Services Bureau (CSB) acknowledges the Auditor General's finding that some travel claim payments were incorrectly processed for three agencies and that an adjustment to a travel claim was made without notifying the affected agency. We accept responsibility for these errors and recognize the importance of accurate processing, timely communication, and agency oversight.

**Recommendations to the CSB:**

Update and implement its written policies and procedures for processing board member travel claims in the State's payroll system, including requirements to:

**Recommendation 1:** Ensure board member travel claims are properly supported and comply with allowable rates established in SAAM for lodging, mileage, and meals.

**CSB response:** The audit recommendation will be implemented.

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

**Recommendation 2:** Conduct a secondary review to ensure travel claims are entered into the State's payroll system and processed correctly.

**CSB response:** The audit recommendation will be implemented in a different manner.

**Response explanation:** The payroll system now requires a secondary approval, which will satisfy this recommendation.

**Recommendation 3:** Provide agencies detailed reports and/or screenshots of processed claims from the State's payroll system so that they can reconcile the claims they submit to the State's payroll system.

**CSB response:** The audit recommendation will be implemented.

**Response explanation:** We acknowledge the finding and are committed to implementing the recommendation. The standard operating procedure has been updated to reflect the recommendation.

**Recommendation 4:** Update or amend the ISA language to clearly communicate what the CSB's and the agencies' roles are in ensuring claims are accurate and processed appropriately and provide guidelines to the agencies on how to perform reconciliations to ensure claims sent to the CSB agree to what is paid in the State's payroll system.

**CSB response:** The audit recommendation will be implemented in a different manner.

**Response explanation:** CSB appreciates the Auditor General's recommendation to update or amend the Interagency Service Agreement (ISA) to more clearly communicate the respective roles of CSB and client agencies in ensuring the accuracy of claims and the proper processing of payroll transactions. We agree that clarity of responsibilities is important. CSB's current ISAs already outline that client agencies are responsible for understanding and complying with the State of Arizona Accounting Manual, including requirements related to the review and reconciliation of payroll transactions. While CSB is responsible for processing transactions in accordance with established policy, client agencies retain responsibility for internal controls over the accuracy of the information they submit and for performing required reconciliations. CSB will ensure that any updated ISA language preserves the appropriate delineation of duties and reinforces each party's role in maintaining accurate and compliant payroll processes.

**Recommendation 5:** Allocate sufficient staffing resources to provide accurate services outlined in the ISAs.

**CSB response:** The audit recommendation will be implemented.

**Response explanation:** ADOA CSB will follow the standard process in allocating appropriate resources to provide accurate services outlined in the ISA's.

**Recommendation 6:** Work with the agencies to correct the board members' travel claim payment errors we identified, as applicable.

**CSB response:** The audit recommendation will be implemented.

**Response explanation:** We acknowledge the finding and are committed to implementing the recommendation. The necessary corrections outlined in this report have been completed as of the date of this response.

The ADOA is committed to addressing and implementing the necessary recommendations as outlined. We look forward to enhancing our policies and procedures to provide the best service and support to our partner agencies.

Regards,



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