

Annual Review **Fiscal years 2023 and 2024**

State Board Member Per Diem Compensation and Expense Reimbursements

The State's central agency that helps process some board member travel claims made incorrect payments for 3 agencies and adjusted a travel claim without notifying another agency. Two other agencies we reviewed did not always reimburse board members for travel in accordance with State or agency policies.



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Audit staff

Katherine Edwards Decker, Director

Taryn Stangle, Manager

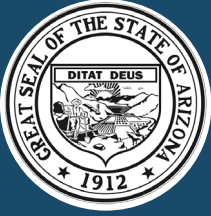
Contact information

 (602) 553-0333

 contact@azauditor.gov

 www.azauditor.gov

2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

April 21, 2026

Members of the Arizona Legislature

The Honorable Katie Hobbs, Governor

Transmitted herewith is a report of the Arizona Auditor General, *State Board Member Per Diem Compensation and Expense Reimbursements*, for fiscal years 2023 and 2024. 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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INTRODUCTION

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 years 2023 and 2024.¹ State agencies are required to pay its board members per diem compensation and reimburse expenses in accordance with State law and State or agency policies and procedures. These payments are processed either by the agency or the Central Services Bureau (CSB), which assists a significant number of agencies to ensure board members are paid. However, we found that the CSB incorrectly processed some travel claim payments for 3 agencies and adjusted a travel claim without notifying another agency. In addition, 2 other agencies we reviewed, the Board of Executive Clemency and the Water Infrastructure Finance Authority, did not always reimburse board members for travel in accordance with State or agency policies. See Appendix B for more information on the objectives, scope, and methodology of this review.

Additionally, we followed up with the Arizona Power Authority, Corporation Commission, and State Board of Education on the 13 recommendations we made to them in our fiscal year 2022 report (Report 24-102) and determined that the boards implemented 10 recommendations, 2 recommendations were in process, and 1 recommendation was not implemented. We were unable to follow up on the 2 recommendations made to the Independent Redistricting Commission as it has temporally ended until a new commission is appointed in January 2031. See Appendix A for more information on the status of recommendations from our 2022 annual review.

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 \$350 per day. Expense reimbursements are governed by A.R.S. Title 38, Ch. 4, Art. 2, and the *State of Arizona Accounting Manual (SAAM)*.²

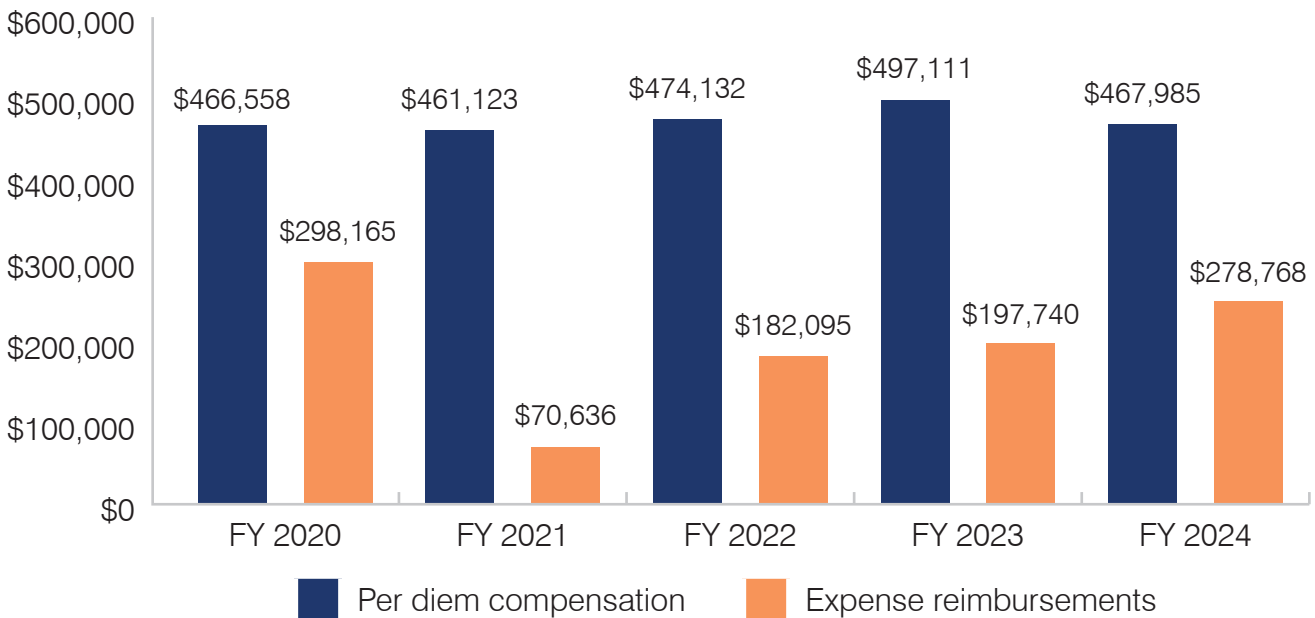
¹ This review was conducted pursuant to Arizona Revised Statutes (A.R.S.) §41-1279.03(A)(10).

² 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

Per diem compensation remained steady while expense reimbursements increased closer to pre-COVID-19 expenses in FY 2020

Fiscal years 2020 through 2024



Per diem compensation

Per diem compensation is paid to board members for preparing for and attending board meetings and/or for time engaged in the service of the board.

Total per diem compensation

- ▶ **FY 2023: \$497,111**
For 49 State agencies and 303 board members.
- ▶ **FY 2024: \$467,985**
For 46 State agencies and 309 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

- ▶ **FY 2023: \$197,740**
For 43 State agencies and 319 board members.
- ▶ **FY 2024: \$278,768**
For 45 State agencies and 330 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, commissions, councils, and advisory committees. Reported amounts do not include payments to board members who received salaries.

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 provides agreed-upon services to agencies, including reviewing and entering board member expense reimbursement claims in State's payroll system, and agencies are required to review and approve claims before submitting them to CSB

According to the CSB, during fiscal years 2023 and 2024, it provided certain agreed-upon accounting services through Interagency Service Agreements (ISAs) to 54 State agencies, boards, and committees (agencies) that needed assistance.¹ Agencies requesting payroll/travel accounting services enter into ISAs with the CSB, which outline the requirements of each party. Specifically, the ISAs require the agencies to follow *State of Arizona Accounting Manual* (SAAM) provisions and to review and approve its expense reimbursement claims before submitting the claims to the CSB to process.² The ISAs further state that the CSB will perform an additional review and enter expense reimbursement claims in the State's payroll system. The CSB's procedures require them to perform a review prior to processing claims to ensure they are supported and comply with SAAM provisions.³ Expense reimbursements can consist of travel claims for hotel stays, mileage, and meals, and employee claims for conference fees, training, and supplies.

SAAM requires State agencies to:

- ▶ Initiate and pay all expense reimbursements claimed by board members in the State's payroll system.⁴
- ▶ Maintain appropriate documentation for any expense reimbursement claimed.⁴

¹ Per the CSB and the ISAs, the main service categories provided include accounts payable, accounts receivable, payroll/travel, managerial/financial accounting, reporting, and budgeting. Agencies that need assistance enter an ISA with the CSB and pay the CSB quarterly based on the type and quantity of services provided in accordance with A.R.S. §35-148(A).

² The ISA states that the CSB does not perform or accept the agency's management responsibilities that involve certifying a disbursement/payment/obligation/transaction is for a valid public purpose and has been incurred in the conduct of official State business; complies with all applicable statutes, laws, rules, and policies; is consistent with the provisions of governing contracts or grants; and is sufficiently appropriated and monies are available. Also, the agency agrees within the ISA that it is responsible for following all the SAAM requirements.

³ The CSB's informally documented payroll-processing standard operating procedures include a step to "Validate claim is legitimate based on SAAM, form type, proper signature/authorization, back up documentation, receipts are attached, etc.," and "If any necessary information or signatures are missing, CSB will send it back to the submitter with a brief explanation of what is missing."

⁴ State of Arizona's Department of Administration, General Accounting Office. (2017). *State of Arizona Accounting Manual: 5565-2, Payroll and Personnel: Compensation and Expense Reimbursements Paid to Board Members*. Retrieved 10/14/2025 from <https://gao.az.gov/sites/default/files/2022-05/5565%2520Compensation%2520and%2520Expense%2520Reimbursements%2520Paid%2520to%2520Board%2520Members%2520171211.pdf>

- ▶ Not exceed maximum allowable lodging rates.⁵

During fiscal year 2023, the CSB processed board member expense reimbursement claims for 20 agencies totaling \$69,394, and during fiscal year 2024, the CSB processed board member expense reimbursement claims for 21 agencies totaling \$70,292.⁶

In sample of reimbursements we reviewed, CSB over- and underpaid a total of \$295 in travel claim payments for 3 agencies, and without notifying another agency, adjusted 1 of its claims by \$144, and agencies did not reconcile payments to claims to identify errors/adjustment

Our review of 5 of 15 expense reimbursement payments the CSB processed in fiscal years 2023 and 2024 found the CSB incorrectly processed \$295 of travel claim payments for 4 travel claims across 3 agencies (Arizona Board of Executive Clemency, Arizona State Board of Equalization, and Arizona Medical Board) and correctly adjusted 1 travel claim amount for another agency (Arizona Companion Animal Spay and Neuter Committee) without notifying it.⁷ Further, all 4 agencies did not verify the payment amounts in any of these 5 instances and therefore did not identify the 4 errors or the 1 payment adjustment the CSB made.

Specifically, the CSB:

- ▶ Processed 2 travel claims in fiscal year 2023 and paid board members amounts that did not agree to their approved travel claims. Specifically, the CSB underpaid 1 Arizona Board of Executive Clemency member \$261 in allowable travel expenses for meals, transportation costs, and baggage fees the board member included on their travel claim and overpaid 1 Arizona State Board of Equalization member \$9 for mileage reimbursement travel expenses the board member did not include on their travel claim.⁸
- ▶ Processed 1 travel claim for travel expenses that exceeded the maximum allowable lodging rate. Specifically, the CSB overpaid 1 Arizona Medical Board member \$8 for unallowable lodging costs in fiscal year 2024.
- ▶ Processed 1 travel claim for travel expenses that were less than what the receipt showed the board member paid. Specifically, the CSB underpaid 1 Arizona Board of Executive Clemency member \$17 for allowable lodging costs in fiscal year 2023.

⁵ State of Arizona's Department of Administration, General Accounting Office. (2022). *State of Arizona Accounting Manual: 5095-10, Travel: Maximum Mileage, Lodging, Meal, Parking, and Incidental Expense Reimbursement Rates*. Retrieved 10/14/2025 from <https://gao.az.gov/sites/default/files/2022-10/5095%20Reimbursement%20Rates%20%20221001.pdf>

⁶ We obtained the total number of agencies with ISAs from the CSB Service Matrix provided to us by the CSB, which identifies specific services the CSB is performing for each agency. Based on the matrix, we analyzed the State's payroll system to obtain total expense reimbursements at those agencies for fiscal years 2023 and 2024.

⁷ Six of 12 agencies tested in our population utilized the CSB to process reimbursement claims, which covered 13 different board members and included 15 expense reimbursements totaling \$9,671. Of the 15 expense reimbursement payments tested, 8 were in fiscal year 2023, and 7 were in fiscal year 2024.

⁸ Due to our audit, in April 2025, the Board of Equalization, with the assistance of the CSB, recovered \$9 from the board member to correct the travel claim error, and in June 2025, the Board of Executive Clemency, with the assistance of the CSB, paid the board member \$261 to correct the travel claim error.

- ▶ Adjusted 1 travel claim and paid an Arizona Companion Animal Spay and Neuter Committee member \$144 more than the approved travel claim amount in fiscal year 2024 without notifying the agency of the travel claim error and the correction the CSB made.

Finally, none of the agencies reconciled the payment amounts in the State's payroll system to the travel claims submitted to the CSB, thereby not separately detecting these deficiencies.

CSB lacked detailed written policies and procedures for the expense reimbursement-review process to ensure claims comply with State policy, did not consistently communicate information to agencies, and experienced staffing shortages; and agencies lacked written policies and procedures to reconcile payments to claims

CSB lacked detailed written policies and procedures and reportedly had staffing shortages, and staff were not aware of other processes

The CSB's written policies and procedures lacked detailed steps to ensure travel claims comply with allowable rates established in SAAM for lodging, mileage, and meals; require a secondary review; and include detailed reports and/or screenshots that should be provided to agencies to help them reconcile their processed claims.

Also, CSB staff did not consistently communicate all relevant details to the agencies, including sending screenshots of processed claims from the State's payroll system to the agency after they are processed. CSB staff reported that if they had moved on to another screen before getting a screenshot, they would not be able to recreate it and therefore did not provide the agency with the information, making it difficult for the agencies to confirm that what the CSB processed was correct. In addition, CSB staff reported that there were other reports that they could have provided the agencies with this information, but not all staff were aware of the reports during fiscal years 2023 and 2024 because of a lack of detailed policies and procedures.

CSB's management reported the errors we identified above resulted from staff shortages, oversight, and an overreliance on the agencies to catch discrepancies. However, the CSB did not provide guidelines to the agencies on how to perform reconciliations to ensure claims sent to the CSB agreed to what was paid in the State's payroll system.

Agencies lacked written policies and procedures to reconcile paid claims

All 4 agencies lacked written policies and procedures requiring them to reconcile the payment amounts in the State's payroll system to the reimbursement claims they submitted to the CSB to prevent and detect errors.

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:

1. Ensure board member travel claims are properly supported and comply with allowable rates established in SAAM for lodging, mileage, and meals.
2. Conduct a secondary review to ensure travel claims are entered into the State's payroll system and processed correctly.
3. Provide to 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.
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.
5. Allocate sufficient staffing resources to provide accurate services outlined in the ISAs.
6. Work with the agencies to correct the board members' travel claim payment errors we identified, as applicable.

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

Recommendations to the Arizona Board of Executive Clemency

7. Work with the CSB to correct the remaining board member's travel claim payment errors we identified, as applicable.

Develop and implement written policies and procedures for processing board member expense reimbursements, including requirements to:

8. Perform a detailed review and approval of board member claims to ensure reimbursements follow allowable rates outlined in the reimbursement schedule in SAAM based on travel dates and location.
9. Reconcile approved board member claims submitted to the CSB to amounts paid to ensure all board members were paid appropriately and follow up on any discrepancies.

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

Recommendation to the Arizona State Board of Equalization

10. Work with the CSB to correct the board member's travel claim payment error we identified, as applicable.
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: As outlined in its [response](#), the Arizona State Board of Equalization agreed with the finding and will implement the recommendations.

Recommendations to the Arizona Medical Board

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

Develop and implement written policies and procedures for processing board member expense reimbursements, including requirements to:

13. Perform a detailed review and approval of board member claims to ensure reimbursements follow allowable rates outlined in the reimbursement schedule in SAAM based on travel dates and location.
14. Reconcile approved board member claims submitted to the CSB to amounts paid to ensure all board members were paid appropriately and follow up on any discrepancies.

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

Recommendations to the Arizona Companion Animal Spay and Neuter Committee

Develop and implement written policies and procedures for processing board member expense reimbursements, including requirements to:

15. Perform a detailed review and approval of board member claims to ensure reimbursements follow allowable rates outlined in the reimbursement schedule in SAAM based on travel dates and location.
16. Reconcile approved board member claims submitted to the CSB to amounts paid to ensure all board members were paid appropriately and follow up on any discrepancies.

Arizona Companion Animal Spay and Neuter Committee response: As outlined in its [response](#), the Arizona Companion Animal Spay and Neuter Committee agreed with the finding and will implement the recommendations.

Arizona Board of Executive Clemency (Board) reimbursed a board member for rental car and parking inconsistent with State policy, risking wasting public monies

Board conducts parole hearings for inmates and hearings for clemency actions, and board members can receive reimbursement for certain expenses

The Board's mission is to ensure public safety by considering and granting parole to inmates who the Arizona Department of Corrections certifies are eligible to appear before the Board and who appear not to pose a threat to society, and recommending to the Governor only those executive clemency actions that are in the best interests of Arizona citizens.¹ Pursuant to A.R.S. §31-401, the Board consists of 5 Governor-appointed members who serve 5-year terms and employs and oversees an executive director who is responsible for all administrative, operational, and financial functions for the Board.² The board members serve on a full-time basis and receive a salary as determined by A.R.S. §38-611(A) and are eligible to receive reimbursement for expenses incurred subject to the *State of Arizona Accounting Manual* (SAAM) provisions.^{2,3}

SAAM requires the Board to:

- ▶ Initiate and pay all expense reimbursements claimed by board members in the State's payroll system.⁴
- ▶ Maintain appropriate documentation for any expense reimbursement claimed.⁴
- ▶ Limit renting vehicles to only when it is cost effective, economical, or the only practical and available means of travel.⁵

In sample we reviewed, Board overpaid 1 board member \$463 for travel expenses inconsistent with State policy, risking wasting public monies

Our review of a judgmental sample of 3 of the Board's fiscal year 2023 expense-reimbursement payments found that in addition to the concerns we identified and discussed in Finding 1 (see

¹ Obtained from the Board's website.

² A.R.S. §§31-401 and 31-402.

³ A.R.S. Title 38, Ch. 4, Art. 2.

⁴ State of Arizona's Department of Administration, General Accounting Office. (2017). *State of Arizona Accounting Manual: SAAM 5565-2, Payroll and Personnel: Compensation and Expense Reimbursements Paid to Board Members*. Retrieved 10/14/2025 from <https://gao.az.gov/sites/default/files/2022-05/5565%2520Compensation%2520and%2520Expense%2520Reimbursements%2520Paid%2520to%2520Board%2520Members%2520171211.pdf>

⁵ State of Arizona's Department of Administration, General Accounting Office. (2020). *State of Arizona Accounting Manual: SAAM 5015-4, Travel: Travel by Individually Operated Motor Vehicle, Commercially Rented Vehicles*. Retrieved 10/14/2025 from <https://gao.az.gov/sites/default/files/2022-05/5015%2520Travel%2520by%2520Individually%2520Operated%2520Motor%2520Vehicle%2520201123.pdf>

pages 3 through 7), the Board overpaid 1 board member.⁶ Specifically, the Board reimbursed a board member \$463 for the use of a rental car and related parking costs without documenting an exception to SAAM describing why paying for these expenses was allowed when a rental car was not the most cost-effective and only practical and available means of travel from the airport to the conference location.^{5,7}

The Board's reimbursing these expenses without a documented exception put public monies at risk of being wasted. Further, when public monies are wasted, less monies are available for uses that benefit the Board, such as training registration fees.

Board lacks written policies and procedures for the expense reimbursement review process to ensure it complies with State policy

The Board does not have written policies and procedures for processing board member expense reimbursements to ensure compliance with SAAM. In addition to those policies and procedures that it lacks mentioned in Finding 1 (see pages 3 through 7), it also does not have procedures for retaining documentation for any exceptions made to SAAM travel policy to ensure exceptions were appropriate.⁵

Recommendations to the Board

1. Reimburse board members' travel expenses in accordance with SAAM.
2. Develop and implement written policies and procedures for processing board member expense reimbursements, including requirements to retain documentation for any exceptions made to SAAM travel policy to ensure exceptions are appropriate, such as renting vehicles when it is not cost effective, economical, or the only practical and available means of travel.

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

⁶ We judgmentally selected 3 different board members' expense-reimbursement claims for review, totaling \$3,163, from a total population of 5 expense-reimbursement claims the Board made to 4 different board members, totaling \$4,989 in fiscal year 2023. The board members did not have any expense reimbursements in fiscal year 2024.

⁷ The Board reimbursed 1 board member \$400 for a rental car along with \$63 for hotel parking fees, for a total of \$463. The board member attended a conference in Kansas City with 2 other board members. The hotel was 19 miles from the airport. All 3 board members used the rental car from the airport to the hotel, but only 2 board members used the rental car to return to the airport because 1 board member extended their stay in Kansas City. The Board reimbursed that board member an additional \$48 for ride-share service fees back to the airport. The use of a rental car and subsequent travel claim were preapproved by the executive director but lacked documentation describing why the rental car was the most cost-effective and only practical and available means of travel from the airport to the conference location, such as through a taxi or ride-share service.

Water Infrastructure Finance Authority (WIFA) did not always reimburse board members in accordance with its policy, risking wasting public monies

WIFA finances water infrastructure throughout Arizona, and board members can receive reimbursement for allowable expenses

WIFA is an independent State authority authorized to finance the construction, rehabilitation, acquisition, and improvement of water infrastructure throughout Arizona.¹ Pursuant to A.R.S. §49-1206, WIFA is governed by its board consisting of 9 voting members appointed by the Governor and legislative leadership and 9 nonvoting ex officio members representing legislative leadership and relevant agency heads. Appointed board members serve a 5-year term. Board members serve without compensation but are eligible to receive reimbursement for expenses incurred that are subject to WIFA's travel policy requirements.^{2,3}

WIFA's travel policy requires that board members:⁴

- ▶ Obtain approval of travel plans for WIFA business in advance and in writing by the WIFA director.
- ▶ Only conduct travel necessary for WIFA business.
- ▶ Submit a written explanation to the WIFA director of any travel policy exceptions. Exceptions must be documented and attached to the travel claim and approved by the WIFA director.

In sample we reviewed, WIFA reimbursed 1 board member \$387 for travel expenses without complying with its policy, risking wasting public monies

Our review of a judgmental sample of 7 of 35 expense reimbursement payments WIFA made in fiscal years 2023 and 2024 found that for 1 of these board member payments in fiscal year 2024, WIFA did not document the the director's approval of the travel, and did not maintain support for or document the WIFA business purpose for a portion of the trip.⁵ Specifically, WIFA did not

¹ WIFA was originally created in 1998 to provide a source of funding for public water treatment projects and was a separate agency until 2016 when WIFA was transferred to the Arizona Finance Authority under the Office of Economic Opportunity (Laws 1998, Chapter 72 and Laws 2016, Chapter 372). WIFA was reestablished as a separate independent agency as of September 2022 (Laws 2022, Chapter 366).

² A.R.S. §49-1206(H) states board members serve without compensation but are eligible for reimbursement of expenses pursuant to Title 38, Ch. 4, Art. 2.

³ A.R.S. §49-1203(B)(11) states that the board shall adopt written policies, procedures, and guidelines, similar to those adopted by the Department of Administration, regarding reimbursement of travel expenses.

⁴ WIFA Travel Policy. I.9. (June 2023).

⁵ We judgmentally selected 7 travel expense reimbursement payments from 5 different board members for review, totaling \$5,142, from a total population of 35 expense reimbursement payments WIFA made to 5 board members, totaling \$17,597 in fiscal years 2023 and 2024. Of the 7 expense reimbursement payments selected, 1 was in fiscal year 2023 and 6 were in fiscal year 2024.

maintain documentation that the director approved the board member's travel to a conference in Las Vegas, Nevada. The travel form was approved by the assistant director of finance and controller after the trip. In addition, WIFA reimbursed \$387 for travel expenses, including \$365 for lodging and \$22 for meals, for 2 travel days prior to the conference without maintaining support within the travel documentation of the WIFA business purpose for the additional days.

WIFA reimbursing these expenses without maintaining proper written documentation put public monies at risk of being wasted. Further, when public monies are wasted, less monies are available for uses that benefit WIFA and Arizona citizens, such as the improvement of water infrastructure throughout Arizona and attending other training and conferences.

WIFA did not follow its written policies and procedures for expense reimbursements

WIFA did not follow its detailed written policies and procedures for travel expense reimbursements, including requirements to maintain proper written documentation supporting the travel's WIFA business purpose or document the director's advance approval of the travel plans. Further, WIFA staff reported that the trip was for the purpose of providing awareness and networking for WIFA and because of oversight only a verbal approval was obtained from the director and support for why the board member traveled early for the conference was not maintained.

Recommendations to WIFA





- 1.** Reimburse board members for travel expenses that are appropriate and in accordance with WIFA's travel policy requirements, including obtaining the director's written advance approval of travel plans, maintaining proper written documentation supporting the WIFA business purpose of travel, and documenting any exceptions to its travel policy with proper approval.
- 2.** In consultation with its legal counsel, determine whether to pursue reimbursement from the board member for the travel costs of \$387 that were not in accordance with policy.

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

Status of recommendations from 2022 annual review

We also followed up on 15 recommendations made in our report *State Board Member Per Diem Compensation and Expense Reimbursements* for fiscal year 2022 (Report 24-102). Our followup procedures were performed for the period April 22, 2024, (date of our previous report) through February 28, 2025.

Agencies' status in implementing 15 recommendations

Implementation status	Number of recommendations
 Implemented	9 recommendations
 Implementation in process	2 recommendations
 Not yet applicable	2 recommendations
 Not implemented	2 recommendations

Finding 1: 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 State of Arizona Accounting Manual (SAAM); and APA overpaid its chairman \$281

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.

▶ Status: **Implemented at 10 months.**

The APA stated that it performed an analysis of the business items on the agendas during the period when the chairman also functioned as the interim executive director and was unable to see any actions taken that could have presented a conflict. The APA followed up with the Attorney General's Office and confirmed there were no conflicts.

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.

▶ Status: **Implemented at 10 months.**

The APA approved a policy on February 18, 2025, that includes incompatible duties related to the executive director. The policy outlines the responsibility of staff during times when the executive director's position may be vacant and to ensure there are segregation of duties and no conflicts with State policies and procedures. In addition, the APA hired a new executive director in June 2022, and the current executive director does not hold any other public office.

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.

▶ Status: **Implemented at 10 months.**

The APA has revised its Expense Statement Procedures to separate duties to ensure the review and approval of per diem and expense reimbursement payments are not performed by the same person. Our review of a judgmental sample of 5 of 33 payments between April 2024 and December 2024 found that payments were reviewed and approved by someone other than those receiving payments.

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.

▶ Status: **Implemented at 10 months.**

The APA now runs a quarterly report to check the number of days commissioners have been paid during the calendar year. If a commissioner comes within 10% of the maximum for the calendar year, the commissioner will be notified of the maximum number of days left they can be paid for and the report will begin to be pulled monthly to ensure that no commissioner goes over the maximum number of days in any given calendar year. Our review of 1 quarterly report determined that it included information to track and monitor commissioner hours. Further, we examined the APA expenditure reports and determined commissioner per diem compensation did not exceed \$3,000 per year during calendar years 2023 and 2024.

5. In consultation with its Assistant Attorney General, determine whether to pursue reimbursement from the chairman for the \$90 per diem overpayment.

▶ Status: **Not implemented.**

The APA stated that it evaluated the overpayment and made a management decision not to pursue the \$90 overpayment. Based on the response from the APA, we will no

longer continue to follow up on this recommendation.

6. Revise and implement its procedures to include steps to review and ensure that expense reimbursements align with the rates outlined in SAAM.

▶ Status: **Implemented at 10 months.**

The APA stated that this recommendation had been implemented; however, our review of 5 expense reimbursements from April 2024 through December 2024 determined that 3 of the reimbursements were for mileage that was reimbursed at the wrong rate. The APA stated that there was an error on the expense statement template that included an incorrect mileage reimbursement rate of \$0.625 instead of the approved SAAM rate of \$0.655 for the applicable time period. Therefore, the 3 commissioners were underpaid a total of \$16.44. The error occurred for the period January 2024 through June 2024, when the APA caught the error. However, the APA did not reimburse the commissioners for the correct amount until March 31, 2025, after auditors asked for support. We selected an additional 2 sample items that were processed on November 29, 2024, after the correction, and determined that sample items were paid at the appropriate rates and the recommendation was implemented.

Finding 2: Independent Redistricting Commission (IRC) did not process a commissioner expense reimbursement in accordance with State policy, contributing to overpayments of nearly \$1,600

7. Reimburse commissioner expenses, including at State-approved lodging rates, in accordance with SAAM.

▶ Status: **Not yet applicable.**

The IRC completed its work on June 28, 2024, and the Office closed. A new Commission will be appointed in January 2031 and should implement these recommendations then. No additional followup will be performed on the IRC at this time.

8. 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.

▶ Status: **Not yet applicable.**

See explanation for recommendation 7.

Finding 3: 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

9. Request reimbursement from the 2 committee members who were improperly overpaid \$101.56 and \$5.09, respectively.

▶ Status: **Not implemented.**

The Corporation Commission stated they attempted to collect the overpayments without success, and a management decision was made to no longer pursue reimbursement from the committee members. As a result, we will no longer continue to follow up on this recommendation.

10. Reimburse committee member expenses, including mileage and meals, at State-approved rates based on supporting documentation and in accordance with SAAM.

▶ Status: **Implemented at 10 months.**

The Corporation Commission has developed a written Committee reimbursement procedure as of November 2023. The procedure calls for ensuring items are allowable per SAAM. Our review of a random sample of 3 of 52 committee member reimbursements from HRIS between April 2024 and December 2024 found that expenses were reimbursed at State-approved rates based on supporting documentation.

11. Implement its newly developed written procedure for processing committee member expense reimbursements.

▶ Status: **Implemented at 10 months.**

See explanation for recommendation 10.

Finding 4: 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

12. Request reimbursement from the board member who was improperly overpaid \$157.53.

▶ Status: **Implemented at 10 months.**

The Board requested and withheld from the board member \$157.53 from their April 2024 travel reimbursement. Our review of the request and reimbursement confirmed the overpayment was repaid.

13. Reimburse board member expenses, including mileage and lodging, at State-approved rates in accordance with SAAM.

▶ Status: **Implementation in process.**

The Board has taken steps to ensure board members are reimbursed at State-approved travel rates in accordance with SAAM. However, based on our review of 4 travel claims from April 2024 through December 2024, 1 board member's travel reimbursement was entered twice in the payroll system when processed by Central Services Bureau, and the Board did not properly reconcile and note the error until we selected the item to test. The overpayment of \$313.71 has been corrected and was deducted from the board member's February 2025 travel reimbursement. We will further assess the Board's implementation of this recommendation during our next review.

14. Implement its training course and written policies and procedures for processing board member travel claim reimbursements.

▶ Status: **Implementation in process.**

Board leadership required staff to complete an ADOA Travel Policy Training. We reviewed an ADOA training report that showed all staff have completed the travel training. In addition, the Board is in the process of creating a board member travel policy, which it estimates will be completed by December 31, 2025. We will further assess the Board's implementation of written policies and procedures during our next review.

15. Document in a written procedure and implement its process to review payments after they have been processed in the payroll system.

▶ Status: **Implemented at 10 months.**

The Board has written a standard operating procedure for processing travel claims that includes a step to reconcile travel reimbursements to travel claims monthly. The Board implemented the reconciliation process as of April 2025 and received a report from the CSB for the fiscal year and reconciled its travel claims through the end of April.

Objectives, scope, and methodology

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 (collectively referred to as the boards) to determine if they were compensated in accordance with State law and State or board policies and procedures from July 1, 2022 to June 30, 2024. Board member payments for per diem compensation and expense reimbursements were processed mainly through the State’s central payroll processing system, Human Resources Information Solution (HRIS).^{1,2} We noted that each agency may oversee multiple boards; however, the State does not maintain a comprehensive listing of all boards.

Our population consisted of payments made to board members we were able to identify in HRIS and boards identified in the past that were not recorded in HRIS.³ Our review included performing data analytics on the entire known population of fiscal years 2023 and 2024 per diem and expense reimbursement payments, and a detailed review of a judgmental sample of per diem and expense reimbursement payments. See Table 1 for details on total judgmental sample selected.⁴

We express appreciation to the staff of the ADOA and the agencies for their cooperation and assistance throughout the review.

Table 1
Per diem compensation and expense reimbursements judgmental sample selected
 Fiscal years 2023 and 2024

Sample scope	FY 2023		FY 2024	
	Per diem compensation	Expense reimbursement	Per diem compensation	Expense reimbursement
Sample items	12	14	13	19
Amount tested	\$4,760	\$7,700	\$6,400	\$12,179
State agencies selected	8	8	7	8
Board members selected	12	14	13	17

¹ State of Arizona’s Department of Administration, General Accounting Office. (2017). State of Arizona Accounting Manual: SAAM 5565-2, Payroll and Personnel: Compensation and Expense Reimbursements Paid to Board Members. Retrieved 10/14/2025 from <https://gao.az.gov/sites/default/files/2022-05/5565%20Compensation%2520and%2520Expense%2520Reimbursements%2520Paid%2520to%2520Board%2520Members%2520171211.pdf>

² Some State boards are not required to use HRIS, and they record detailed board payments on a separate system.

³ To determine the population, we analyzed boards identified in prior years, HRIS transactions, and other systems for boards not required to process expenses on HRIS, and interviewed State accounting staff to identify expenses for both the per diem and expense reimbursements. However, because the State does not maintain a comprehensive listing of boards, transactions are not always coded the same in HRIS, and there is not a central crosswalk on how each specific board is recorded in HRIS, we were unable to determine the total number of board payments processed or if the population was complete.

⁴ See Figure 1 on page 2 for population totals.

The subsequent pages were written by the CSB to provide a response to its finding and to indicate its intention regarding implementation of each of the recommendations resulting from the review conducted by the Arizona Auditor General.

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,



Marissa Moreno
Central Services Bureau Administrator
Arizona Department of Administration
marissa.moreno@azdoa.gov | doa.az.gov
602-509-9876

The subsequent pages were written by the Arizona Board of Executive Clemency to provide a response to each of its findings and to indicate its intention regarding implementation of each of the recommendations resulting from the review conducted by the Arizona Auditor General.

KATIE HOBBS
GOVERNOR



MINA MENDEZ
CHAIRMAN

BOARD OF EXECUTIVE CLEMENCY

4000 North Central Avenue, Suite 2300 ~ Phoenix, Arizona 85012
PHONE (602) 542-5656 ~ FAX (602) 542-5680

December 3, 2025

Lindsey Perry, CPA, CFE, Auditor General
Arizona Auditor General
2910 North 44th Street, Suite, 410
Phoenix, Arizona 85018-7271

On behalf of the Arizona Board of Executive Clemency, attached is the response to the State Board Member Per Diem Compensation and Expense Reimbursements Review report finding and recommendations.

The audit recommendations are agreed to and the Board has already implemented a number of them. The Board extends its appreciation to the auditors for their professionalism and the time they spent in gaining an understanding of the Board's processes.

Respectfully,

A handwritten signature in black ink, appearing to read "Gretchen McClellan-Singh". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Gretchen McClellan-Singh
Executive Director

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 Board of Executive Clemency response: The Auditor General's finding is agreed to.

Response explanation: The Board received an email communication from CSB that the travel claim was processed but there was no additional information received or requested by the Board to verify it was processed correctly.

Recommendation 7: Work with the CSB to correct the board member's travel claim payment error we identified, as applicable.

Arizona Board of Executive Clemency response: The audit recommendation will be implemented.

Response explanation: The Board worked with CSB to correct the payment error identified. The additional amount was processed by CSB on June 13, 2025. A screenshot verifying the payment was requested by the Board and received.

Develop and implement written policies and procedures for processing board member expense reimbursements, including requirements to:

Recommendation 8: Perform a detailed review and approval of board member claims to ensure reimbursements follow allowable rates outlined in the reimbursement schedule in State of Arizona Accounting Manual (SAAM) based on travel dates and location.

Arizona Board of Executive Clemency response: The audit recommendation will be implemented.

Response explanation: The Board will implement a two-level review of travel claims to ensure that reimbursements follow allowable rates outlined in the reimbursement schedule in SAAM. The review will be done by the Board's Operations Manager and the Executive Director. This two-level review will be conducted during the pre-authorization stage and at the time of submission of the claim.

Recommendation 9: Reconcile approved board member claims submitted to the CSB to amounts paid to ensure all board members were paid appropriately and follow up on any discrepancies.

Arizona Board of Executive Clemency response: The audit recommendation will be implemented.

Response explanation: The Board will be requesting verification (screenshot of the entry in the financial system) of all claims submitted to CSB to ensure the amount was processed correctly. The Board also now receives a 'Gross Pay Variance' communication from Central Payroll on a bi-weekly basis that will also serve as another source of confirmation that the correct amount was processed. The Board will use this additional information to reconcile the amount and promptly follow up on any discrepancies.

Finding 2: Arizona Board of Executive Clemency reimbursed board member for rental car and parking inconsistent with State policy, risking wasting public monies

Arizona Board of Executive Clemency response: The Auditor General's finding is agreed to.

Response explanation: The Board agrees that it did not follow State policy in reimbursing a Board member for rental car and parking costs.

Recommendation 1: Reimburse board members' travel expenses in accordance with SAAM.

Arizona Board of Executive Clemency response: The audit recommendation will be implemented.

Response explanation: The Board will implement a two-level review of travel claims to ensure that costs are allowable as outlined in SAAM.

Recommendation 2: Develop and implement written policies and procedures for processing board member expense reimbursements, including requirements to retain documentation for any exceptions made to SAAM travel policy to ensure exceptions are appropriate, such as renting vehicles when it is not cost effective, economical, or the only practical and available means of travel.

Arizona Board of Executive Clemency response: The audit recommendation will be implemented.

Response explanation: The Board will develop and implement written policies and procedures for processing Board member expense reimbursements, retain proper documentation for any exception to SAAM.

The subsequent pages were written by the Arizona State Board of Equalization to provide a response to its finding and to indicate its intention regarding implementation of each of the recommendations resulting from the review conducted by the Arizona Auditor General.



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.*

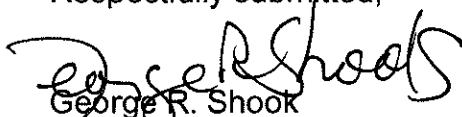
Arizona State Board of Equalization response: The audit recommendation will be implemented.

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

The subsequent pages were written by the Arizona Medical Board to provide a response to its finding and to indicate its intention regarding implementation of each of the recommendations resulting from the review conducted by the Arizona Auditor General.



1740 W. Adams Street, Ste. 4000 Phoenix, AZ 85007
Phone: (480) 551-2700 · Toll Free (877) 255-2212 · Website: AZMD.GOV

MEDICAL BOARD
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ARBOPA Chair

Raquel Rivera
Executive Director

December 1, 2025

Lindsey A. Perry
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018-7271

Dear Ms. Perry:

On behalf of the Arizona Medical Board (AMB), please accept the enclosed formal response to the Arizona Auditor General Report related travel reimbursement payments through the Arizona Department of Administration’s Central Services Bureau (CSB).

The AMB appreciates the review conducted by the Auditor General and acknowledges the identified deficiency involving a single PA board member claim that was incorrectly processed and not detected through post-payment verification. AMB agrees with the finding and is committed to strengthening its internal controls and oversight procedures to prevent similar occurrences in the future.

In response to the associated recommendations, the AMB has implemented a strengthened, multi-step review and reconciliation process for all board member travel claims to ensure compliance with SAAM requirements and to confirm the accuracy of payments issued.

The enclosed response details the actions taken and the procedural enhancements implemented to ensure accountability, accuracy, and consistency going forward.

Thank you for the opportunity to respond and to reinforce our commitment to strong fiscal oversight and continuous improvement. Please do not hesitate to contact me should you require any additional information.

Sincerely,

Raquel Rivera, MPH
Executive Director

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 Medical Board response: The Auditor General's finding is agreed to.

Response explanation: The AMB acknowledges that a single PA travel claim payment was incorrectly processed and the Board did not identify these errors through post-payment verification. The Board will strengthen its review procedures and work with ADOA CSB to ensure payment accuracy going forward.

Recommendation 12: Work with the CSB to correct the board member's travel claim payment error we identified, as applicable.

Arizona Medical Board response: The audit recommendation will be implemented.

Response explanation: The Board will coordinate with CSB to review and evaluate the sole travel claim payment identified in the audit. After assessing the circumstances and considering the minimal amount at issue (\$8), the Board has determined that recovery of the payment will not be pursued. We have ensured that appropriate internal controls are in place to prevent similar discrepancies in the future.

Develop and implement written policies and procedures for processing board member expense reimbursements, including requirements to:

Recommendation 13: Perform a detailed review and approval of board member claims to ensure reimbursements follow allowable rates outlined in the reimbursement schedule in SAAM based on travel dates and location.

Arizona Medical Board response: The audit recommendation will be implemented.

Response explanation: During the audit, the Board established a multi-step process to ensure travel reimbursements are accurate and properly reviewed as explained in more detail below.

Recommendation 14: Reconcile approved board member claims submitted to the CSB to amounts paid to ensure all board members were paid appropriately and follow up on any discrepancies.

Arizona Medical Board: The audit recommendation will be implemented.

Response explanation: During the audit, the Board established a multi-step process to ensure travel reimbursements are accurate and properly reviewed. The process begins with the Executive Assistant entering the lodging information into the designated reimbursement template. Once the travel claim form is completed and signed by the ED, the accompanying documentation is forwarded to accounting staff for review. At this stage, the team verifies all rates, calculations, and allowable expenses for compliance with SAAM, Topic 50, Section 95. Following this initial review, the COO conducts a final verification to ensure the claim is complete and accurate prior to submission to ADOA CSB. The COO then formally transmits the travel claim and all supporting documentation to CSB for processing. Upon completion of the reimbursement, CSB provides confirmation to the Board. After payment is issued, the Accountant II performs a reconciliation of the travel reimbursement records against AZ360 to confirm accuracy and ensure that all reimbursement amounts align with the documentation and approvals on file. This layered review process is designed to maintain accuracy and internal control throughout the reimbursement cycle.

ARIZONA COMPANION ANIMAL SPAY AND NEUTER COMMITTEE RESPONSE

The subsequent pages were written by the Arizona Companion Animal Spay and Neuter Committee to provide a response to its finding and to indicate its intention regarding implementation of each of the recommendations resulting from the review conducted by the Arizona Auditor General.

ARIZONA COMPANION ANIMAL SPAY AND NEUTER COMMITTEE

December 15, 2025

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

Ms. Perry,

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 Companion Animal Spay and Neuter Committee response: The Auditor General's finding is agreed to.

Response explanation: Agreed that the Committee did not review what was paid by CBS. The committee did not know that they should check those claims once they were approved, nor did they know they were allowed to receive a report of what was paid.

Develop and implement written policies and procedures for processing board member expense reimbursements, including requirements to:

Recommendation 15: Perform a detailed review and approval of board member claims to ensure reimbursements follow allowable rates outlined in the reimbursement schedule in State of Arizona Accounting Manual based on travel dates and location.

Arizona Companion Animal Spay and Neuter Committee response: The audit recommendation will be implemented.

Recommendation 16: Reconcile approved board member claims submitted to the CSB to amounts paid to ensure all board members were paid appropriately and follow up on any discrepancies.

Arizona Companion Animal Spay and Neuter Committee response: The audit recommendation will be implemented.

Annette Lagunas

Annette Lagunas
Committee Chairwoman
Arizona Companion Animal Spay & Neuter Committee

The subsequent pages were written by WIFA to provide a response to its finding and to indicate its intention regarding implementation of each of the recommendations resulting from the review conducted by the Arizona Auditor General.

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

December 15, 2025

RE: FY2023/FY2024 Audit of Water Infrastructure Finance Authority

Dear Ms. Perry,

The Water Infrastructure Finance Authority (WIFA) has reviewed the Auditor General's report and has implemented the recommendations contained herein.

WIFA strives for a culture of innovation, accountability, transparency and excellence as it manages programs providing financial assistance for projects related to water and wastewater infrastructure, conservation and water augmentation throughout the state of Arizona. WIFA appreciates and acknowledges the importance of audits to identify where further improvements to policy and procedures are necessary to support WIFA's overall mission.

We are pleased that generally WIFA's Travel Policy approved on June 3, 2023 adequately governs travel activities of WIFA. Since the implementation of the Travel Policy in 2023, WIFA has formalized travel procedures through Board and staff educational outreach and has made clarifications through policy amendments. Staff experience, policy and procedure clarifications over the last few years have resulted in sound travel practices throughout WIFA.

We appreciate the professionalism and it was a pleasure to work with the Auditor General's office.

Sincerely,



Chelsea McGuire, Director
Water Infrastructure Finance Authority of Arizona

Finding 3: Water Infrastructure Finance Authority (WIFA) did not always reimburse board members in accordance with its policy, resulting in a risk of wasting public monies.

WIFA response: The Auditor General’s finding is agreed to.

Response explanation: WIFA agrees that proper travel documents were not provided in strict accordance with WIFA policy. The board member received verbal approval for travel from WIFA for the purposes of networking with members of the Colorado River Water Users Association, attending an educational tour, and providing awareness and transparency of WIFA’s directive to import out of state water resources.

Recommendation 1: Reimburse board members for travel expenses that are appropriate and in accordance with WIFA’s travel policy requirements, including obtaining the director’s approval in advance of travel plans, maintaining proper written documentation supporting the WIFA business purpose of travel and documenting any exceptions to its travel policy with proper approval.

WIFA response: The audit recommendation will be implemented.

Response explanation: This recommendation has been implemented. WIFA’s travel policy was first approved in June 2023. Processes and procedures have since been fully implemented. All travel claims are being reviewed for required documentation as required by WIFA’s policy.

Recommendation 2: In consultation with its legal counsel, determine whether to pursue reimbursement from the board member for the travel costs of \$387 that were not in accordance with policy.

WIFA response: The audit recommendation will be implemented.

Response explanation: WIFA will consult with legal counsel to determine whether to pursue reimbursement.