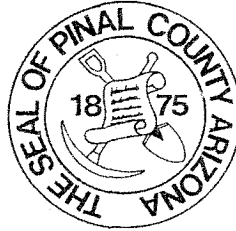


PINAL COUNTY BOARD OF SUPERVISORS

LIONEL D. RUIZ, District 1
Mammoth

SANDIE SMITH, District 2
Apache Junction

DAVID SNIDER, District 3
Casa Grande



TERRY DOOLITTLE
County Manager

November 16, 2007

Ms. Debbie Davenport, Auditor General
Office of the Auditor General
2910 N. 44th Street
Suite 410
Phoenix, Arizona 85018

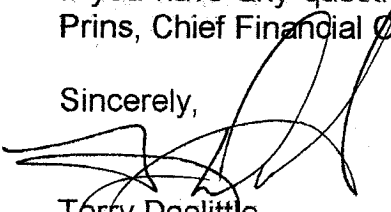
Dear Ms. Davenport:

As requested in your October 31, 2007 letter, please find enclosed the status of the County's progress in implementing Richard M. Romley's recommendations in his Report to the Pinal County Board of Supervisors in Re: Dr. Stanley D. Griffis.

I am enclosing the requested grid template along with backup documentation to assist your office in the review.

If you have any questions regarding the County's status of implementation, please contact Victoria Prins, Chief Financial Officer at 520-866-6209.

Sincerely,


Terry Doolittle
Pinal County Manager

Pinal County
6-Month Follow-Up Report To
Rick Romley Administrative Report Issued May 16, 2007

Recommendation	County's Status of Implementing Recommendation
Weapons	
<p>Recommendation. The Pinal County Board of Supervisors should consider hiring an Internal Auditor for the County. This person should not be under the supervision of the county manager but should report directly to the Board of Supervisors. This independence would allow the board of Supervisors to randomly audit the different departments in county government and investigate allegations of misconduct. The Internal Auditor's Office should also provide an Ombudsman so that a county employee can report, both openly and/or anonymously, any abuse by a county employee, official and/or vendors doing business with the County.</p>	<p>In Process. The Pinal County Board of Supervisors has chosen an Internal Auditor and is in process of checking references.</p> <p>Once the Internal Audit Officer is on board the first task will be to develop a priority list of audits, identify staffing or support needs for those audits.</p> <p>Ombudsman Services: Pinal County has contracted with a vendor that will allow employees to report openly or anonymously any allegations of misconduct. The hotline service will be available 24/7. This will be in place by 12/31/07.</p>
<p>Recommendation. Have the County Manager regularly report to the Board of Supervisors and the County Attorney his/her outside activities / memberships / affiliations. A careful review should be conducted in order to ensure that an activity would not conflict with their duties as County Manager.</p>	<p>Completed. The County Manager will report annually to the Board of Supervisors and County Attorney regarding his outside activities/membership/affiliations.</p> <p>The County Manager's initial report was provided to the Board of Supervisors on June 27, 2007.</p>
<p>Recommendation. Ensure that training opportunities are directly related to current and future governmental responsibilities.</p>	<p>Completed. On June 15, 2007 the County Manager sent a memorandum to the Board of Supervisors saying he would submit an agenda item for the Board's approval for any training opportunities that are directly related to his current and future governmental responsibilities. Once, he has received Board approval, he will submit the appropriate forms to the Finance Department for further processing.</p> <p>Pinal County has the Tuition Reimbursement Program Policy #5.30 http://co.pinal.az.us/HR/PDFs/PPR/PnP5.30.pdf which requires that an employee be enrolled in an established degree program at an accredited four year college or university in a field which is directly related to their duties performed for Pinal County or which qualifies them for a different position with Pinal County.</p> <p>The Pinal County Travel Policy #8.50 http://co.pinal.az.us/HR/PDFs/PPR/PnP8.50.pdf outlines the necessary approval process for conferences. When the Approval Authority is the traveler, the official at the next highest level in the organization must approve the travel request. IIB states that the purpose of the travel must be for the public's benefit and related to the department's business activities.</p>

<p>Recommendation. Review, evaluate and determine the protocols that should be followed before County Manager's funds may be expended for county business. The investigation could not ascertain any legitimate purpose whereby the County Manager would need to retain weapons.</p>	<p>Completed. The Pinal County Signature Authorization Policy # 8.30 http://co.pinal.az.us/HR/PDFs/PPR/PnP8.30.pdf was developed to ensure the following:</p> <ul style="list-style-type: none"> • Only legitimate and appropriate transactions are executed and recorded. • Transactions are executed as intended and in accordance with Pinal County Policy and relevant financial, legal, and contractual requirements. • Errors are detected prior to execution.
<p>Recommendation. Policies should be reviewed, updated, enhanced and implemented to ensure that inventory controls are adequate. All county property must be properly delivered and accounted for by the appropriate Pinal County Department.</p>	<p>Completed. The County has created Weapons Policy #8.40 http://co.pinal.az.us/HR/PDFs/PPR/PnP8.40.pdf which among other controls requires Elected Official, County Manager, Assistant County Manager, or Department Director approval for purchase, and that all weapons purchases may only be made under state contract.</p> <p>The County has performed the first annual weapons inventory. In addition to this inventory, the County has established a desk procedure in Finance to review and compare invoices of known and potential firearms vendors and cross reference them with inventory schedules.</p> <p>The County's Information Technology Department tracks cell phones, blackberries, printers, radios and computers. Presently it is tracked on a spreadsheet, but a new software product has been purchased for a controlled roll out for inventory purposes.</p>
<p>Superstition Valley Transportation Project Income Tax</p>	
<p>Recommendation. Determine whether or not Pinal County has opened any other private bank accounts. If so, Pinal County should consider closing those accounts. In most instances, State law provides that public monies shall be deposited with the County Treasurer.</p>	<p>Completed. Pinal County has reviewed the private bank accounts that had been opened and has closed the accounts with the exception of the Justice Court Accounts (statutory provision for these accounts outside of the Treasurer's Office) and Housing Department accounts that have Federal requirements that the Treasurer's Office is not able to accommodate.</p> <p>HUD requires that the Housing Department keep their funds in a separate account in the event that HUD determines the Housing Department is not complying with their rules and regulations which would require them the ability to take over the account.</p>

<p>Recommendation. All policies should be reviewed, updated, clarified and implemented so as to ensure that the flow of funds and disbursements are reported, tracked, monitored and reconciled by the finance department of Pinal County.</p>	<p>In Process. The County has created Cash Receipts Policy#8.10 http://co.pinal.az.us/HR/PDFs/PPR/PnP8.10.pdf</p> <p>Due to the volume of activity, the Finance Department cannot track the flow of funds for each and every department. Departments bear the responsibility of reconciling their own cash receipts with internal procedures and separation of duties to ensure accurate handling of public funds. Incoming funds are deposited with the Treasurer's office. Disbursements are managed by the Procurement Office (effective October 1, 2007 the County has hired a Purchasing Manager to oversee these tasks). The Finance Department reconciles cash between the Treasurer's System and the financial system.</p> <p>Major disbursements flow through the Finance Department where a final review is made on signature authorizations and public purpose for the expenditure.</p>
<p>Recommendation. Consider assigning the Internal Auditor the responsibility of conducting random audits of all accounts relating to major construction projects.</p>	<p>In Process. The Internal Auditor will be assigned the responsibility of conducting random audits of all accounts relating to major construction projects.</p>
<p>State Retirement Pension Income Tax</p>	
<p>Recommendation. Separate the Pinal County Manager and the Pinal County Clerk of the Board positions into two separate and independent functionalities. The Pinal County Clerk of the Board is the official record keeper of the business conducted by the Board of Supervisors. The Pinal County Clerk of the Board should report directly to the Pinal County Board of Supervisors.</p>	<p>Completed. The Pinal County Manager and the Pinal County Clerk of the Board positions are now two separate and independent functionalities. At the July 25, 2007 Board meeting, the Board of Supervisors appointed Sheri Cluff as the Clerk of the Board. Ms. Cluff reports directly to the County Board of Supervisors.</p>
<p>Recommendation. The Board of Supervisors should ensure that strict controls exist for any changes, additions and deletions to payroll codes for all employees; including contract employees.</p>	<p>Completed. The Payroll Codes Additions, Changes and Deletions Finance Desk Procedures shall be followed. This includes the completion of the Pinal County Finance JDE Payroll Code Additions/Changes/Deletions Form. This form requires the signatures of the CFO, HR Director and Assistant County Manager for Administrative Services. Once the code is established by Finance, Human Resources can assign the code to an employee.</p> <p>The Board of Supervisors approved the Desk Procedures on November 1, 2007.</p>
<p>Recommendation. Ensure that the County Manager's employment contract is publicly disclosed and placed within his/her personnel file held by Human Resources.</p>	<p>Completed. The County Manager's employment contract has been placed within his personnel file held by Human Resources.</p>

<p>Deferred Compensation Income Tax</p> <p>Recommendation. Ensure that legal counsel is available to answer any legal questions regarding tax and/or financial issues.</p>	<p>Completed. The Finance Department has an assigned attorney for the Department from the County Attorney's office. In addition, if needed, outside legal advisors are available for consultation.</p>
<p>Vacation Sick/Leave</p>	
<p>Recommendation. Develop a procedure to ensure that the County Manager accurately accounts for his/her sick and vacation leave taken.</p>	<p>Completed. On June 15, 2007 the County Manager sent a memo to the Board of Supervisors in response to this recommendation that he will submit a Pinal County Request for Leave form for any sick or vacation leave to the Chairman of the Board of Supervisors and it will be reflected on the Pinal County Employee Time Sheet (green bar). Additionally the County Manager will provide a written six month recap of vacation and sick leave usage to the Board.</p>
<p>Credit Card/Travel</p>	
<p>Recommendation. Policies should be created, updated, clarified and implemented for proper credit card use. These policies should include a requirement that the public purpose of purchases be appropriate, documented and approved.</p>	<p>In Process. The Credit Card policy is in the process of being revised which includes the requirement that the public purpose of purchases be appropriate, documented and approved and that itemized receipts are provided as documentation.</p>
<p>Recommendation. Policies should be updated, clarified and implemented for travel activities. These policies should include clear guidelines for reconciling travel forms with supporting documentation and receipts.</p>	<p>Completed. The Pinal County Travel Policy was revised and approved by the Board of Supervisors on 12/6/06. http://co.pinal.az.us/HR/PDFs/PPR/PnP8.50.pdf</p>
<p>Recommendation. Consideration should be given to segregate among several employees the various activities related to credit cards and travel; including but not limited to:</p> <ul style="list-style-type: none"> • Approving the appropriateness of the travel request. • Recording travel expenditures. • Reconciling original receipts to travel forms. • Authorizing credit card issuance. • Receiving credit card statements. • Reconciling credit card statements to receipts and invoices. • Reviewing credit card usage to ensure that it is for an appropriate county purpose. • Authorizing payment. 	<p>Completed. A Finance Department Desk Procedure has been written to clarify the segregation of duties.</p> <ul style="list-style-type: none"> • Approving the appropriateness of the travel request is done by the Department Head or Elected Official of the Pre-Trip Authorization form. • Reconciling original receipts to travel forms is done by the Department Head or Elected Official (or their designee) and then reviewed again by the Finance Department Account Clerk III. If the Account Clerk III believes an expense is not appropriate then they bring it to the attention of the Accounts Payable Manager. • Authorizing credit card issuance is done by the Department Director or Elected Official. The Finance Department Credit Card Administrator receives the cards from the bank and provides training to the card holder before giving the card to the cardholder. • Credit Card statements are received in the Finance Department and then sent to the

	<p>Departments for the processing of the payment voucher with the original itemized receipts</p> <ul style="list-style-type: none"> • Reconciling credit card statements to receipts and invoices is done by the cardholder, approved by the Department Head or Elected Official and then reviewed again by the Account Clerk III in the Finance Department. • Reviewing credit card usage to ensure that it is for an appropriate county purpose is done by the Department Head or Elected Official (or their designee) and then reviewed again in the Finance Department. • Authorizing payment is done by the Accounts Payable Manager in the Finance Department after first being approved by the Department Head or Elected Official (or their designee) and being reviewed by the Accounts Payable Account Clerk III.
Carpentry	
<p>Recommendation. Obtain a legal opinion from the Pinal County Attorney's Office regarding what is an appropriate gift under state law and the Arizona Constitution. All departments should be advised of the opinion and be required to comply with its provisions.</p>	<p>Completed. The Board of Supervisors approved the Employee Recognition and Awards Policy #7.93 http://co.pinal.az.us/HR/PDFs/PPR/PnP7.93.pdf on October 31, 2007.</p>
<p>Recommendation. Consideration should be given to prohibiting the County Manager from providing personal services to any county department or county employee.</p>	<p>Completed. Pinal County has Outside Employment Policy, #1.40 http://co.pinal.az.us/HR/PDFs/PPR/PnP1.40.pdf which requires that an Outside Employment Declaration form be filled out and signed by the immediate supervisor, the Assistant County Manager or Elected Official and approved by the Human Resources Department to ensure there is no conflict of interest. The form is kept in the employee's personnel file.</p>

<p>Recommendation. Policies should be reviewed, updated, enhanced and implemented to ensure that inventory controls are adequate. All county property must be properly delivered and accounted for by the appropriate Pinal County Department.</p>	<p>Completed. The County has created Weapons Policy #8.40 http://co.pinal.az.us/HR/PDFs/PPR/PnP8.40.pdf which among other controls requires Elected Official, County Manager, Assistant County Manager, or Department Director approval for purchase, and that all weapons purchases may only be made under state contract.</p> <p>The County has performed the first annual weapons inventory. In addition to this inventory, the County has established a desk procedure in Finance to review and compare invoices of known and potential firearms vendors and cross reference them with inventory schedules.</p> <p>The County's Information Technology Department tracks cell phones, blackberries, printers, radios, and computers. Presently it is tracked on a spreadsheet, but a new software product has been purchased for a controlled roll out for inventory purposes.</p>
<p>Recommendation. Policies should be reviewed, updated, enhanced and implemented to ensure that procurement protocols are followed.</p>	<p>Completed. The Pinal County Procurement Code was adopted by the Board of Supervisors on July 10, 2006. http://co.pinal.az.us/Finance/index.asp#financebookmark The Pinal County Procurement Card policy was adopted by the Board of Supervisors on October 10, 2007. http://co.pinal.az.us/HR/PDFs/PPR/PnP9.20.pdf</p>
<p>Recommendation. Policies should be reviewed, updated, enhanced and implemented to ensure that employees seeking to "moonlight" outside of Pinal County government be required to disclose these activities to their appropriate department manager for approval.</p>	<p>Completed. Pinal County has Outside Employment Policy, #1.40 http://co.pinal.az.us/HR/PDFs/PPR/PnP1.40.pdf which requires that an Outside Employment Declaration form be filled out and signed by the immediate supervisor, the Assistant County Manager or Elected Official and approved by the Human Resources Department to ensure there is no conflict of interest. The form is kept in the employee's personnel file.</p>

Michele Milton, Nee Griffis	
<p>Recommendation. Pinal County should consider adopting a Code of Ethics for all county employees.</p>	<p>In Process. The County has written a new policy, "Ethics in County Service", and revised 9 additional policies to ensure they are consistent with the intent of the new Ethics policy. All of the above will be circulated for review and comment from County Management and once all comments have been received the revised documents will be presented to the Board of Supervisors for approval. It is anticipated that the Supervisors could adopt the new and revised policies at the last meeting in December 2007.</p> <p>Ethics training is offered to all County employees. The Judicial Branch and Public Safety employees have a mandatory training program requirement provided under state or continuing education guidelines. Staff from these areas who are not covered by such a mandate have been encouraged to participate by their supervisors. Final ethics training sessions for existing employees should be completed by December 2007.</p>