



## OFFICE OF INTERNAL AUDIT

Report to the  
County Attorney  
And  
Board of Supervisors

# County Attorney's Office

## Financial Management

Lori Brooks, Internal Audit Officer  
Bill D'Elia, Senior Internal Auditor

January 2012

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**Attachment: Management Response and Action Plan**

## Executive Summary

The Office of Internal Audit has completed an audit of financial management in the County Attorney's Office. This audit was included in the Office of Internal Audit's Fiscal Year 2011-2012 Annual Audit Plan, approved by the Board of Supervisors. Our audit was planned and conducted in accordance with Generally Accepted Government Auditing Standards. The purpose of our audit was to determine if financial management practices are adequate.

The Pinal County Attorney's Office manages about eighteen funds with a combined annual budget of about \$13 million. To accomplish its mission, the County Attorney's Office staff follows the various County-wide policies and procedures; and has developed additional supplemental procedures for those activities unique to the County Attorney's Office.

Our conclusion is the financial management practices within the County Attorney's Office are generally good. We specifically noted:

- Procedures have been established to ensure revenues and expenses are properly monitored and controls over receipts are adequate to provide reasonable assurance that collections were accounted for and properly deposited with the County Treasurer.
- Procurement card purchases we reviewed were found to be properly supported; completed for valid purposes; and properly reviewed and approved.
- The County Attorney has minimized exposure to fraud, waste, and abuse by maintaining all funds with the County Treasurer; eliminating the handling of cash within the Department; and closing all petty cash funds.
- The majority of expenditures reviewed in our sample were properly supported and expended in accordance with County Policies.

We found some improvements, however, would enhance the internal control environment:

- Internal controls over purchases made for various Pinal County cities, using certain funds controlled by the County Attorney's Office, could be strengthened.
- Additional documentation should be required to support requests for certain funds by the Pinal County Sheriff's Office.
- The practice of paying lodging expenses with County warrants in advance, supported by only a reservation, should be discontinued.
- Additional documentation should be required for Community Programs supported by certain funds held by the County Attorney's Office.

Our specific recommendations for improvements include:

- To ensure compliance with applicable city procurement codes, The County Attorney should consider transferring funds to the requesting cities, allowing them to make individual purchases according to their respective procurement code, rather than making direct purchases for the requesting party; or enhance internal procedures to ensure all purchases made with County warrants comply with the Pinal County Procurement Code and related policies.

- The County Attorney should require all requests for funds by PCSO include adequate supporting documentation that clearly demonstrates proper use of the fund and lists the specific goods or services to be acquired. All purchases should comply with the County Procurement Code and related policies, regardless of the source of funds.
- The County Attorney's Office should ensure, in the future, its staff complies with the current Pinal County Travel policy, and the staff is knowledgeable of its requirements. The County Attorney's Office should consider issuing travel cards to staff members who are frequent travelers, as appropriate.
- The County Attorney should consider developing procedures for approval of requests for Community Programs, to include requirements recommended to Maricopa County by the Auditor General's Office, as appropriate. We suggest a copy of Maricopa County's procedures be obtained as a guideline.

We would like to thank the management and staff of the Pinal County Attorney's Office for their assistance and cooperation during the course of this audit.

The following report provides additional details of our audit observations and recommendations.

Lori Brooks, CPA, CIA, CGAP  
Pinal County Internal Audit Officer

## **Background**

The Office of Internal Audit has completed an audit of financial management in the County Attorney's Office. This audit was included in the Office of Internal Audit's Fiscal Year 2011-2012 Annual Audit Plan, approved by the Board of Supervisors. Our audit was planned and conducted in accordance with Generally Accepted Government Auditing Standards. The purpose of our audit was to determine if financial management practices are adequate.

The Pinal County Attorney's Office manages about eighteen funds with a combined annual budget of about \$13 million. To accomplish its mission, the County Attorney's Office staff follows the various County-wide policies and procedures; and has developed additional supplemental procedures for those activities unique to the County Attorney's Office.

## **Scope and Methodology**

The purpose of our audit was to determine if Financial Management Practices are adequate.

Our specific objectives were to determine if:

- Funds are properly monitored
- Internal controls over receipts are adequate
- Procurement card purchases are proper
- Funds are properly maintained with the County Treasurer, and exposure to Fraud Waste and Abuse is minimized
- Expenditures are properly supported

To accomplish our objectives, we:

- Interviewed appropriate County Attorney's Office and Finance Department management and staff
- Reviewed policies, procedures and other documents related to financial management
- Tested controls related to collections for the Bad Check Program
- Reviewed various budget monitoring reports
- Analyzed accounts on deposit with the County Treasurer
- Reviewed documentation supporting expenditures paid by the Pinal County Finance Department
- Tested procurement card transactions
- Confirmed with the Pinal County Finance Department all funds are maintained with the County Treasurer and no cash is stored in the County Attorney's Office

## **SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS**

### **Overall Evaluation**

Our conclusion is the financial management practices within the County Attorney's Office are generally good. We specifically noted:

- Procedures have been established to ensure revenues and expenses are properly monitored and controls over receipts are adequate to provide reasonable assurance that collections were accounted for and properly deposited with the County Treasurer.
- Procurement card purchases we reviewed were found to be properly supported; completed for valid purposes; and properly reviewed and approved.
- The County Attorney has minimized exposure to fraud, waste, and abuse by maintaining all funds with the County Treasurer; eliminating the handling of cash within the Department; and closing all petty cash funds.
- The majority of expenditures reviewed in our sample were properly supported and expended in accordance with County Policies.

We found some improvements, however, would enhance the internal control environment:

- Internal controls over purchases made for various Pinal County cities, using certain funds controlled by the County Attorney's Office, could be strengthened.
- Additional documentation should be required to support requests for certain funds by the Pinal County Sheriff's Office.
- The practice of paying lodging expenses with County warrants in advance, supported by only a reservation, should be discontinued.
- Additional documentation should be required for Community Programs supported by certain funds held by the County Attorney's Office.

Our specific recommendations for improvements include:

- To ensure compliance with applicable city procurement codes, The County Attorney should consider transferring funds to the requesting cities, allowing them to make individual purchases according to their respective procurement code, rather than making direct purchases for the requesting party; or enhance internal procedures to ensure all purchases made with County warrants comply with the Pinal County Procurement Code and related policies.
- The County Attorney should require all requests for funds by PCSO include adequate supporting documentation that clearly demonstrates proper use of the fund and lists the specific goods or services to be acquired. All purchases should comply with the County Procurement Code and related policies, regardless of the source of funds.
- The County Attorney's Office should ensure, in the future, its staff complies with the current Pinal County Travel policy, and the staff is knowledgeable of its requirements. The County Attorney's Office should consider issuing travel cards to staff members who are frequent travelers, as appropriate.
- The County Attorney should consider developing procedures for approval of requests for Community Programs, to include requirements recommended to Maricopa County by the Auditor General's Office, as appropriate. We suggest a copy of Maricopa County's procedures be obtained as a guideline.

Details of our findings are discussed in the audit results section below.

## **Audit Results**

### **A. Expenditures for Other Governments**

The Pinal County Attorney maintains certain funds, which are available for use by law enforcement agencies throughout Pinal County. We noted some purchases, within our audit sample, were made for other governmental entities, without review or confirmation of compliance with the procurement controls established by either Pinal County or the receiving government. Pinal County Attorney's staff stated they rely on assertions made by requesting parties that procurement of the items will be made in accordance with their city procurement standards. However, upon inquiry, neither of the Finance Departments for the two cities in our sample were aware of the purchases in our sample. Specifically:

The City of Casa Grande's Police Department submitted an invoice for legal and other law enforcement related services to the Pinal County Attorney's Office for \$20,000. See exhibit on the following pages.



# City of Casa Grande Police Department

373 East Val Vista Blvd. \* Casa Grande, AZ 85122 \* (520) 421-8700 \* Fax (520) 836-8081  
Robert Huddleston \* Chief of Police

**RECEIVED**

July 18, 2011

JUL 28 2011

**RECEIVED**

By: Ana Lara

Mr. James Walsh  
Pinal County Attorney  
P.O. Box 887  
Florence, Arizona 85232

**RECEIVED**

Dear Mr. Walsh:

The Casa Grande Police Department has contracted with the law of Edwards & Ginn, P.C., to provide regular law enforcement training to all of the officers at the Casa Grande Police Department for FY 2011-2012. A minimum of twenty hours of training will be presented to each officer and will include a variety of topics to include:

- |   |                            |
|---|----------------------------|
| Dishonesty & Bias                           | Laws of Arrest & Seizure   |
| Miranda and Confessions                     | Search & Seizure Refresher |
| Civil Liability for Field Training Officers | Laws of Domestic Violence  |
| Review of Arizona Public Records Law        | Miranda Update             |

If you approve, please issue a check from our RICO account in the amount of \$20,000 payable to:

City of Casa Grande  
510 E. Florence Blv.  
Casa Grande, AZ 85122

*Vendor per  
Ana Lara, CCPO*

Procurement of these items will be made in accordance with the procurement standards of the City of Casa Grande.

If possible, please send the check to the Casa Grande Police Department, or advise us on where and when we can pick it up from your office.

If you have any questions or concerns, please give me a call.

Sincerely,

*Robert Huddleston*  
Robert Huddleston  
Chief of Police  
Casa Grande Police Department.

**Approved for Payment**  
*James R. Walsh*  
7-28-11  
Date

**Edwards & Ginn, P.C.**  
*Serving Arizona Law Enforcement*

P.O. Box 68097  
Tucson, Arizona 85737  
Phone 520.444.4469

Federal ID: 20-4209406

**Invoice**

JULY 7, 2011

TO:

FOR: **LEGAL SERVICES**

Chief Huddleston  
Casa Grande Police Department  
520 N. Marshall Street  
Casa Grande, AZ 85222

DESCRIPTION	AMOUNT
Provision of legal services for fiscal year 2011-2012 for the Casa Grande Police Department. Services include consultation with command and supervisory personnel on issues related to the administration of the agency and provision of law enforcement services; preparation and delivery of law enforcement training classes; preparation, updating and distribution of core law enforcement policies; research, preparation and distribution of legal updates; 24/7/365 availability to the Chief and command officers; associated travel.	\$ 20000.00
<b>ANNUAL BILLING</b>	<b>AMOUNT DUE</b> \$ 20000.00

Make checks payable to Edwards & Ginn, P.C.  
If you have any questions concerning this invoice, contact Beverly A. Ginn, 520.444.4469

The above invoice lists only general legal and related services, paid in advance for one year, rather than listing specific deliverables to be paid, as services are received.

Regarding this invoice, we noted payment was made for the various services, including training; however, for example, there is no indication of the number and types of classes to be provided. Further, we noted no indication that a properly completed purchase order had been used specifying services; there is no invoice number; and no physical address is included for the vendor. If these services had been procured under requirements of the Pinal County Procurement Code, written quotations from three vendors would have been required. Casa Grande Finance Personnel stated “This is not in accordance with purchasing or A/P policies”

The City of Eloy submitted charges with similar issues:

In one example, we reviewed an advance payment of \$2,123 to four city police officers for training. This amount included per diem and lodging costs paid in advance, with no accompanying invoice certifying the individuals actually traveled and stayed at the hotels. Per Pinal County Travel Policy, lodging should be paid, based on an itemized hotel receipt or invoice that indicates the bill has been paid in full. This requirement ensures the County pays only legitimate and allowable costs. Under Pinal County Travel Policy, per diem costs can be advanced, but pre-trip approval and post-trip reconciliation is required for travel advances. As such, employees’ wages may be subject to garnishment for unused or misappropriated funds not returned to the County Treasurer.

In another example, \$950 was disbursed for vehicle painting, with no invoice provided, and only an estimate with a “penned in amount” for the painting costs. If Pinal County Procurement Code had been followed, a purchase order would have been awarded for the services; and payment made only after work was satisfactorily performed and an invoice was submitted detailing the services received.

Further, we noted some irregularities with the purchase of a used light bar for the Eloy Police Department in the amount of \$450. See exhibit on the following page.

# INVOICE

Date: August 30, 2011  
INVOICE # Ilightbar

## ELOY POLICE

Salesperson	Job	Payment Terms	Due Date
Andrew Simmons	Light Bar	<b>Due on receipt</b>	08-31-2011

Qty	Description	Unit Price	Line Total
1	USED TOMAR LIGHT BAR 960L-49-7F7R		450.00

Subtotal	450.00
Sales Tax	
Total	<b>450.00</b>

Make all checks payable to **Andrew Simmons**

*Thank you for your business!*

**4031 east Zia St , Phoenix, AZ 85044 Phone 602-469-1234**

**e-mail [assignfoto@aol.com](mailto:assignfoto@aol.com)**

In the above example, we noted there is no indication a purchase order was used to procure the item. The invoice did not include an invoice number; the check was made payable to an individual; and no sales tax was charged.

Finance personnel for the City of Eloy stated they were aware Police personnel were able to acquire items through the County, but were unaware of how the items were procured.

In the case cited above, it appears procurement of goods and services was completed, while both the individual city government and the County assumed the other was reviewing and authorizing the transaction, for compliance with applicable procurement code. This indicates a material internal control weakness that increases the potential for fraud, waste and abuse.

**Recommendation:**

- 1. To ensure compliance with applicable city procurement codes, The County Attorney should consider transferring funds to the requesting cities, allowing them to make individual purchases according to their respective procurement code, rather than making direct purchases for the requesting party; or enhance internal procedures to ensure all purchases made with County warrants comply with the Pinal County Procurement Code and related policies.*

**B. PCSO Expenditures**

The County Attorney approved a request from PCSO for \$18,000 to purchase tickets, promotional materials and related expenses charged by the Diamondbacks to host a public event. Payment was made by County warrant. See the exhibit on the following page.



RECEIVED

JUN 30 2011

BY: *John / PCA*

# Pinal County Sheriff's Office

Paul Babeu  
Sheriff

June 28, 2011

James Walsh  
Pinal County Attorney  
30 N. Florence Street, Bldg D  
Florence, AZ 85232

Dear Mr. Walsh,

I am requesting transfer of PCSO Task Force RICO funds (Cost Center 2468) in the amount of \$18,000 to the Arizona Diamondbacks. We're planning a PCSO staff, volunteer and kids' night at Chase Field on July 22<sup>nd</sup>. The funds are used to purchase tickets, promotional materials and related expenses charged by the Diamondbacks to host this significant public and educational event.

Our award winning PCSO Honor Guard will present the national colors and our Deputies and staff will be awarded medals (valor, heroism, meritorious service, purple hearts and life savings) on the infield just prior to the start of the ball game. This ceremony will take place before an expected crowd of 45,000 live fans. This is not only a wonderful opportunity to improve the public image of law enforcement, yet we plan an aggressive educational program for the public to combat drug use, gang activity, vandalism, theft and graffiti. This will also be a great opportunity to recruit youth explorers, Posse, Reserve Deputies and victim services volunteers.

We will maintain information/educational booths and static displays for the public at the stadium, where we will provide written educational information to combat drug use/abuse, impaired driving, gang involvement and juvenile crimes. We will also have our youth explorers on hand to educate and recruit other vulnerable youth (ages 14-21) to join our youth Explorers. As you know, our Explorer Post 1875 provides 75 Pinal County youth law enforcement training, which clearly has a resulting positive impact to reduce local juvenile crime (drug use, gang activity, vandalism, theft and graffiti) that is often prevalent in unincorporated Pinal County.

This official PCSO event will help build a stronger organization by publicly showcasing the great work we do in our communities and by appreciating our staff, families and volunteers. More importantly, this is our largest effort to educate tens of thousands of youth and families about the negative impact of drug use, gang activity, vandalism, theft and graffiti.

Respectfully,

*Paul R Babeu*  
Paul Babeu, Sheriff  
Pinal County, Arizona

**Approved for Payment**  
*James P. Walsh*  
7-6-11  
Date

In the example above, there was no purchase order specifying exactly what was acquired; therefore, one cannot determine if the services met the fund requirements or were for a valid government use. Based on the documentation provided, one cannot determine specifically what was purchased or received, as the internal documentation included the phrase “related expenses.” In addition to the lack of a detailed purchase order, we found no invoice or any other documentation from the Diamondbacks organization.

In sharp contrast, we noted the County Attorney sponsored a similar event for a basketball game with the Phoenix Mercury WNBA team. In this case, a purchase order was issued specifically stating the funds were used to purchase 75 tickets to a game. All the tickets were to be distributed to families, and a keynote speaker talked to the kids about the dangers of drugs and gangs. Also, there was an invoice from the organization clearly showing what was purchased.

We note the PCSO request cited in this report is a single example we found in our audit sample; however, disbursing a County warrant of a significant amount, based on an internal memorandum with no supporting documentation, is clearly an internal control weakness that increases the potential for fraud, waste and abuse.

**Recommendations:**

- 2. The County Attorney should require all requests for funds by PCSO include adequate supporting documentation that clearly demonstrates proper use of the fund and lists the specific goods or services to be acquired. All purchases should comply with the County Procurement Code and related policies, regardless of the source of funds.***

**C. Travel**

Travel related expenditures for County Attorney’s Office staff were not always paid or reimbursed in compliance with the County Travel Policy. County Policy 8.5 (currently in place during the audit scope) specifically states, for lodging to be paid, “Receipts are required for reimbursement and shall only be paid for commercial lodging. Receipts must be marked paid or show a zero balance”. We noted five examples in which payments for lodging were based only on an estimate from a hotel reservation form. In many cases, a County warrant was issued, in advance of travel, to the hotel for the lodging costs. Pre-trip authorization was not provided to the Finance Department with the hotel payment request; and we saw no evidence indicating the Finance Department completed post-trip reconciliations to actual receipts.<sup>1</sup>

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<sup>1</sup> In the cases where lodging was paid directly to hotels, CAO personnel provided, subsequent to audit fieldwork, evidence indicating actual hotel receipts had been submitted to the CAO Office after completion of travel.

In a separate case, an employee was reimbursed after completion of the travel, but did not provide a hotel receipt marked paid or showing a zero balance due. Only a reservation form was provided as documentation, and no reconciliation was completed by either the County Attorney's Office or the County Finance Department.

Most organizations, such as Pinal County, require employees to submit a zero balance hotel invoice for reimbursement of lodging costs, to ensure the employee actually stayed in commercial lodging and incurred only authorized costs. We noted the County Attorney's Office has not provided County-issued travel cards to its employees, which would allow staff to pay for lodging at the completion of their stay, without use of their personal funds. County Attorney staff stated they believe their current practices ensure receipt of the most economical hotel rates, since reservations are made centrally. We noted The County Attorney's Office could incorporate use of travel cards for payment of lodging, while still requiring reservations be made centrally. Regardless of payment method, we noted no provisions in County policy allowing for payment of lodging, without submission of a valid paid receipt.<sup>2</sup>

Additionally, we noted examples of expenditures for rental cars that did not comply with the Travel policy in place during the audit period. County Policy 8.5 generally requires rental of a compact car, unless the need for a larger vehicle is demonstrated. We noted two instances of larger cars being rented, without specific need demonstrated; and in one case, the individual retained the rental car for personal use, after completion of business travel.<sup>3</sup>

Compliance with the County Travel policy ensures only valid expenses are paid, and travel is accomplished in the most economical manner.

**Recommendations:**

- 3. The County Attorney's Office should ensure, in the future, its staff complies with the current Pinal County Travel policy, and the staff is knowledgeable of its requirements.***
- 4. The County Attorney's Office should consider issuing travel cards to staff members who are frequent travelers, as appropriate.***

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<sup>2</sup> The County Policy 8.5 TRAVEL POLICY was revised subsequent to completion of our fieldwork. The County CFO explained the previous policy did not explicitly prohibit travel advance payments to hotels; however, the revised policy should provide more clarity regarding travel advances; therefore, no recommendations are made regarding this specific matter.

<sup>3</sup> When we brought this situation to management's attention, they immediately collected \$141.48 from the employee; therefore, no further recommendation is required for this incident.

#### **D. Community Programs**

Accountability and internal controls over disbursement of funds to support community based programs could be improved.

The County Attorney's Office utilizes Racketeer Influenced and Corrupt Organizations (RICO) monies to support various community programs. For example, funds in the amount of \$2,500 were disbursed to Friends of Oracle State Park. See exhibit on the following page.



Friends of  
Oracle State Park

P.O. Box 8405, Tucson, Arizona 85736 (520) 818-7883 www.FriendsOSP.org

September 27, 2011

James P. Walsh, Pinal County Attorney  
Pinal County Attorney's Office  
PO Box 887  
Florence, AZ 85132

**RECEIVED**

SEP 29 2011

**PINAL COUNTY ATTORNEY  
ADMINISTRATIVE DIVISION**

Dear Mr. Walsh,

The community of Oracle, Arizona has a wonderful opportunity to re-open Oracle State Park. This is a partnership between Arizona State Parks (ASP) and Friends of Oracle State Park (FOSP) whose primary purpose is to provide environmental education programs for youth.

The park will be open to educational programs on Wednesdays, Thursdays and Fridays, and to the general public on Saturdays, in the spring and fall of 2012. Oracle State Park and FOSP will work together to restart the Adventure (first through third grade) and Odyssey (fourth through sixth grade) programs. The programs are offered to schools/teachers in the tri-community region as well as the greater Tucson area. The agreement requires that FOSP raise \$21,000 to help offset the costs.

The programs offer unique outdoor education that combine classroom studies with a fun and educational field trip. The interactive field trip focuses on developing an awareness of nature through the senses, emphasized during a series of hands-on activities along a trail in the 5,500 acre park. Trained naturalists will guide the students during the two hour program. Teachers receive a packet with pre- and post-visit classroom activities to enhance the on-site experience. The materials contain specific key concepts, teacher background information, and student activity sheets.

FOSP will support the cost of the program supplying the marketing material, the pre-visit and post-visit educational materials, including postage, the first aid kits, the back packs, and many other on-site materials. Receipts and all FOSP financial data will be made available for audit. These costs are calculated to be \$2689.00.

Youth receiving positive experiences are more likely to make positive choices. They will know there is an alternative to gangs, drugs and violence. Some of these children have never experienced the outdoors. Many have never been to a State Park, camping, or hiking. Having this experience they can expand their knowledge allowing them to make informed, educated lifestyle decisions.

FOSP asks for \$2500 of RICO funds and FOSP will match these funds dollar for dollar. We are a 501 ( c ) 3, non-profit organization. Our EIN is 86-0829567. The program coordinator for FOSP is the undersigned and Jennifer Rinio, Ranger, for Arizona State Parks.

For further questions and/or concerns please contact the undersigned.

Very truly yours,

*Cindy Krupicka*  
Cindy Krupicka  
FOSP, President

\$2500  
**Approved for Payment**  
*James P. Walsh*  
9-30-11  
Date

In a November 2010 audit report from the Arizona Office of the Auditor General, recommendations were made to Maricopa County for improving accountability over RICO monies for community based programs. The Auditor General specifically recommended:

- “Ensuring the relationship between the program’s intended use and outcome of gang prevention, substance abuse prevention, substance abuse education, or other approved programs is clearly defined in a Memorandum of Understanding (MOU).
- Communicating to the community agencies in the MOU what specific activities and items are to be funded.
- Funding the programs on a reimbursement basis for eligible expenditures with valid, itemized receipts or making purchases for the community based programs.
- Requiring staff to reconcile reimbursement requests to submitted receipts.
- Reviewing the receipts to ensure monies spent were in accordance with RICO laws and regulations and the intended use as outlined in the MOU.
- Ensuring the program’s intended outcome was achieved by obtaining and reviewing final program and financial reports. These reports should include information such as the number of people served and how the expenditures helped to achieve the program’s objectives.”

Further, the Auditor General suggested.... “In addition, the Office should obtain final program and financial reports from previously funded community agencies and review the reports to ensure compliance with RICO laws and regulations. Depending on how the monies have been spent, the Office should consider recovering any RICO monies used for unallowable activities and items.”

Based on our review of documentation (see exhibit on page 15), it appears funds have been provided to community programs, without the accountability and controls recommended by the Auditor General’s Office.

**Recommendations:**

- 5. The County Attorney should consider developing procedures for approval of requests for Community Programs, to include the above requirements recommended to Maricopa County by the Auditor General’s Office, as appropriate. We suggest a copy of Maricopa County’s procedures be obtained as a guideline.*

**Attachment:**

**Management Response and Action Plan**

Audit Recommendation	Concur (Yes or No)	Management's Response and Action Plan	Target Date	Individual(s) Responsible
<p><i>1. To ensure compliance with applicable city procurement codes, The County Attorney's Office should consider transferring funds to the requesting cities, allowing them to make individual purchases according to their respective procurement code, rather than making direct purchases for the requesting party; or enhance internal procedures to ensure all purchases made with County warrants comply with the Pinal County Procurement Code and related policies.</i></p>	Yes, in part.	See Attachment A	March 1, 2012	James P. Walsh
<p><i>2. The County Attorney's Office should require all requests for funds by PCSO include adequate supporting documentation that clearly demonstrates proper use of the fund and lists the specific goods or services to be acquired. All purchases should comply with the County Procurement Code and related policies, regardless of the source of funds.</i></p>	Yes	See Attachment A	No later than February 1, 2012	James P. Walsh
<p><i>3. The County Attorney's Office should ensure, in the future, its staff complies with the current Pinal County Travel policy, and the staff is knowledgeable of its requirements.</i></p>	Yes, in part.	See Attachment A	No later than February 1, 2012	Nina R. Ruiz

Audit Recommendation	Concur (Yes or No)	Management's Response and Action Plan	Target Date	Individual(s) Responsible
<p><i>4. The County Attorney's Office should consider issuing travel cards to staff members who are frequent travelers, as appropriate.</i></p>	<p>Yes, in part.</p>	<p>See Attachment A</p>	<p>No later than February 1, 2012</p>	<p>James P. Walsh</p>
<p><i>5. The County Attorney's Office should consider developing procedures for approval of requests for Community Programs, to include the above requirements recommended to Maricopa County by the Auditor General's Office, as appropriate. We suggest a copy of Maricopa County's procedures be obtained as a guideline.</i></p>	<p>Yes, in part.</p>	<p>See Attachment A</p>	<p>March 1, 2012</p>	<p>James P. Walsh</p>

## Attachment A

- 1. To ensure compliance with applicable city procurement codes, The County Attorney's Office should consider transferring funds to the requesting cities, allowing them to make individual purchases according to their respective procurement code, rather than making direct purchases for the requesting party; or enhance internal procedures to ensure all purchases made with County warrants comply with the Pinal County Procurement Code and related policies.*

The Pinal County Attorney's Office will develop a form similar to the form used by the Maricopa County Attorney's Office for requests for antiracketeering funds for all requesting agencies. The form will include explanations and checklists for allowable expenses. Supporting documents will be required for each request. To the extent that the Arizona antiracketeering statute and federal guidelines (U.S. Department of Justice *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*) require, this office will require that the requesting law enforcement agencies comply with the applicable federal, state, county or municipal procurement code and require that each request be accompanied by a explanation of the expenditure and its purpose. This office will require that a final document be provided showing a zero dollar amount owed for purchases as supporting documentation for county warrants issued.

It is the position of the Pinal County Attorney's Office that it is inappropriate and unnecessary to insist that requesting law enforcement agencies follow the Pinal County Procurement Code, as such is not required by either the Arizona antiracketeering statute or federal guidelines that apply to utilization of antiracketeering funds maintained by Arizona county attorneys' offices.

- 2. The County Attorney's Office should require all requests for funds by PCSO include adequate supporting documentation that clearly demonstrates proper use of the fund and lists the specific goods or services to be acquired. All purchases should comply with the County Procurement Code and related policies, regardless of the source of funds.*

This office is committed to requiring appropriate supporting documents for legitimate purchases or donations made by the Pinal County Sheriff's Office. This may include requiring documentation from community programs that must include adequate information regarding the antiracketeering purpose, goods or services to be provided and proposed use of funds.

Based on past practice, this office will continue to require that the purchase of goods and services for the Pinal County Sheriff's Office be accomplished through the use of county purchase orders. This practice assures that appropriate oversight is provided by

## Attachment A

the Pinal County Finance Office which is responsible for monitoring compliance with the Pinal County Procurement Code.

- 3. The County Attorney's Office should ensure, in the future, its staff complies with the current Pinal County Travel policy, and the staff is knowledgeable of its requirements.*

The County Attorney's Office is committed to complying with that part of the Pinal County Travel Policy that coincides with the internal travel policy of the Pinal County Attorney to assure transparency, accuracy and practicable cost savings are realized. The financial staff of this office is working to improve the review and approval processes of travel requests and claims to ensure compliance with the internal travel policy and applicable portions of the Pinal County Travel Policy. Both revised policies will be distributed to management and staff members for their review.

- 4. The County Attorney's Office should consider issuing travel cards to staff members who are frequent travelers, as appropriate.*

This recommendation is not based on any observed violation of the Pinal County Policy 8.5 Travel Policy in effect at the time of the audit. The Pinal County Attorney's Office has reviewed the newly revised Pinal County Policy 8.5 Travel Policy, and will modify, as necessary, its internal travel policy, including use of travel cards as deemed appropriate by the County Attorney.

- 5. The County Attorney's Office should consider developing procedures for approval of requests for Community Programs, to include the above requirements recommended to Maricopa County by the Auditor General's Office, as appropriate. We suggest a copy of Maricopa County's procedures be obtained as a guideline.*

The Pinal County Attorney's Office has reviewed the Maricopa County Attorney's response and notes that the Auditor General's audit was based on unique facts in that county. The Pinal County Attorney's Office intends to utilize that response as a basis for the implementation plan for the following recommendations:

- Funding programs on a reimbursement basis for eligible expenditures with valid, itemized receipts or making purchases for community-based programs.*

## Attachment A

The County Attorney's Office will review and publish its guidelines to inform community-based programs that funding will be provided on a reimbursement basis for any community-based program funded by federal antiracketeering funds as required under the U.S. Department of Justice *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*.

At the request of community-based program, the County Attorney's Office will continue to provide funding from the Pinal County antiracketeering funds on a cash advance basis. It is important to note that many community-based programs funded using County antiracketeering funds are small private non-profit organizations that may not have sufficient cash flow to allow funding on a reimbursement model. For these organizations, the County Attorney's Office intends to provide quarterly or semi-annual funding contingent upon the receipt of reports adequately justifying that funds were expended in accordance with the guidelines. An example is a small community after school or summer sports or activity program that needs to pay for equipment, materials or utility services prior to an event or sports/activity season.

While it is recommended that this office actually make purchases for community-based programs, this office does not have sufficient staff to meet this requirement. Reassigning staff to this function would detract from the Office's ability to administer the overall antiracketeering funds program. Importantly, the audit failed to identify any abuse of the current method of providing funds for community-based programs throughout Pinal County.

- *Requiring staff to reconcile reimbursement requests to submitted receipts.*

The Pinal County Attorney's Office will revise internal procedures to monitor reports to ensure that expenditures were made in accordance with federal antiracketeering fund guidelines. Additional funding may be withheld if community-based programs fail to submit reports and/or fail to use the funds in the manner approved by this office. This Office does not have adequate staff to review actual receipts from the many community-based programs funded using RICO, but will engage in random audits of the community-based programs as part of its internal procedures.

- *Reviewing receipts to ensure the monies spent were in accordance with RICO laws and regulations and the intended use as outlined in the request for funding.*

See the above response.

- *Ensuring the program's intended outcome was achieved by obtaining and reviewing final program and financial reports. These reports should include information such as the number of people served and how the expenditures helped to achieve the program's objectives.*

## Attachment A

The County Attorney's Office will revise internal procedures to require and review final program and financial reports to ensure that funds were expended in accordance with the initial request for funding. Community-based programs that fail to submit reports or do not provide adequate information may not be eligible for continued funding.

The Pinal County Attorney's Office currently makes donations to legitimate community-based programs with the following condition attached:

*"By acceptance of funds, the recipient's financial records as they pertain to this donation or contribution may be subject to audit at the request of the County Attorney. Recipient agrees to provide any necessary financial information as requested by the County Attorney."*

This office intends to conduct periodic audits as deemed reasonable and necessary by the County Attorney during each fiscal year. It has been a common practice for the County Attorney or designee to monitor the activity and/or success of programs supported by this office through visits to program sites or review of reports generated by the programs.