



Single Audit Report

Year Ended June 30, 2025

Gila County



Lindsey A. Perry
Auditor General

Arizona Auditor General's mission

The Arizona Auditor General's mission is to provide independent and impartial information, impactful recommendations, and stakeholder education to improve Arizona government for its citizens. To this end, the Office conducts financial statement audits and provides certain accounting services to the State and political subdivisions, investigates possible criminal violations involving public officials and public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

The Joint Legislative Audit Committee consists of 5 Senate members appointed by the Senate President and 5 House members appointed by the House Speaker. The Committee is responsible for overseeing the Office, including (1) overseeing all audit functions of the Legislature and State agencies, including sunset, performance, special, and financial audits; special research requests; and the preparation and introduction of legislation resulting from audit report findings; (2) requiring State agencies to comply with audit findings and recommendations; (3) receiving status reports regarding the progress of school districts to implement recommendations; and (4) scheduling hearings to review the status of State agencies and school districts.

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Representative **Michele Peña**

Representative **Stephanie Stahl-Hamilton**

Representative **Betty Villegas**


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The County did not maintain documentation that it verified 1 vendor was not suspended or debarred, increasing the risk it paid federal program monies to unallowable vendors

COUNTY SECTION **25**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

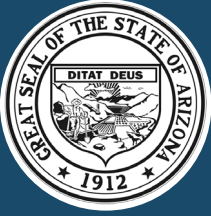
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Annual Financial Report



**ARIZONA
AUDITOR
GENERAL**

Lindsey A. Perry, Auditor General

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*

Members of the Arizona State Legislature

The Board of Supervisors of
Gila County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General, the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Gila County as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 31, 2026.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be

prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-01 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-02, 2025-03, and 2025-04 to be significant deficiencies.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

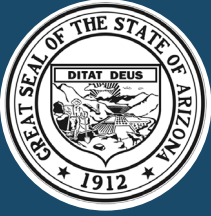
Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

March 31, 2026



**ARIZONA
AUDITOR
GENERAL**

Lindsey A. Perry, Auditor General

Independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance

Members of the Arizona State Legislature

The Board of Supervisors of
Gila County, Arizona

Report on compliance for each major federal program

Opinion on each major federal program

We have audited Gila County's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditors' responsibilities for the audit of compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Management's responsibilities for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- ▶ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ▶ Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ▶ Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying

schedule of findings and questioned costs as item 2025-101. Our opinion on each major federal program is not modified with respect to this matter.

Report on internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-101 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the noncompliance and internal control over compliance findings that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on schedule of expenditures of federal awards required by the Uniform Guidance

We have audited the financial statements of the County's governmental activities, business-type activities, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 31, 2026, that contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

March 31, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. generally accepted accounting principles Unmodified

Is a going concern emphasis-of-matter paragraph included in the auditors' report? No

Internal control over financial reporting

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards




Internal control over major federal program(s)

Material weaknesses identified? Yes

Significant deficiencies identified? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? Yes

Identification of major federal program(s) and types of auditors' reports issued on compliance

Assistance Listings number(s)	Name of federal program or cluster	Auditors' report type
14.871/14.871 COVID-19	Housing Voucher Cluster	 Unmodified
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	 Unmodified
97.039	Hazard Mitigation Grant	 Unmodified

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

The County Treasurer's Office did not safeguard monies collected, disbursed, and invested on behalf of the County and its local governments, increasing the risk of fraud, misuse, or loss of public monies

Condition

The County's management communicated to us several potential fraud risk factors related to the County Treasurer's Office (Treasurer's Office) operations. Our risk assessment and subsequent audit procedures indicated that, contrary to State law, during fiscal year 2025, the Treasurer's Office's failed to safeguard monies collected, disbursed, and invested on behalf of the County and its local governments.

Specifically, we determined the Treasurer's Office:

▶ **Did not physically safeguard cash and check collections**

We observed collection processes at the Globe and Payson locations and found that the Treasurer's Office allowed employees to share a cash receipts drawer and did not reconcile the cash drawer until the close of business after multiple employees may have used the same drawer. Further, the Treasurer's Office did not store cash and checks in a secure location prior to depositing them at the bank.

▶ **Did not separate responsibilities**

The Treasurer's Office allowed 1 employee and 1 elected official the ability to collect, record, and deposit cash receipts; reconcile bank and investment accounts; and create and post journal entries to the accounting system without requiring a separate employee to review and approve the transactions or reconciliations. The Treasurer also allowed 1 elected official the ability to open, close, and modify access to its bank and investment accounts without requiring a separate employee to review and approve such requests.¹

▶ **Did not timely perform accurate and complete daily and monthly bank and investment account reconciliations, as required by County policy**

Specifically, the County's management informed us and our audit confirmed the Treasurer's Office did not complete daily and monthly bank and investment account reconciliations for the period November 2024 through June 2025 until December 2025, or between 6 and 13 months after month-end. Also, the Treasurer's Office had an unreconciled difference of over \$517,000 that it did not resolve until all bank reconciliations were completed in December 2025, or 6 months after fiscal year-end.

¹ The County Treasurer reported that she closed 1 bank account and modified access to other bank accounts but did not open any new bank accounts during fiscal year 2025.

▶ **Did not obtain the Board of Supervisors’ approval for investment advisor services, as required by County policy**

The Treasurer’s Office did not obtain the Board of Supervisors’ approval for an investment advisor’s services that have been provided to the Treasurer’s Office for 20 years, nor did it have a contract with the investment advisor outlining the roles and responsibilities, investment strategies, and time frame for providing these services. On November 14, 2025, after we informed the County Treasurer of the County policy requirements, the County Treasurer initiated and entered a contract with the investment advisor agreeing to pay the investment advisor 0.09% of the County’s investment balance quarterly, or nearly \$95,000 for fiscal year 2025, without preparing a scope of work and submitting a purchase requisition to allow the County Procurement Officer to select the best qualified offeror and ensure compensation is fair and reasonable, or obtaining Board of Supervisors approval.²

Effect

The Treasurer’s Office not safeguarding monies collected, disbursed, and invested on behalf of the County and its local governments increases the risk of fraud, misuse, or loss of public monies.

In addition, the Treasurer’s Office not performing timely, accurate, and complete daily and monthly bank and investment account reconciliations increases the risk that errors in accounting records will not be detected and could result in an increased risk that the County’s financial statements could contain significant errors and misinform those who are relying on the information.

Further, the Treasurer’s Office not obtaining Board of Supervisor approval for the procurement of professional services or following required procurement procedures increases the risk of the County’s entering contracts with unqualified individuals or paying unreasonable compensation for services, and the contract may be unenforceable. If an unreasonable amount was paid for investment advisor services, the County and its municipalities may receive less interest income distributions. The County Treasurer estimated the County paid between \$1.2 million and \$1.8 million for these services over the last 20 years.

Cause

The Treasurer’s Office did not have comprehensive policies and procedures and instead relied on informal procedures it had not evaluated against State law requirements, which lacked step-by-step requirements related to physically safeguarding cash and check collections, separating responsibilities, and bank and investment account reconciliation processes, including requiring review and approval. Also, the Treasurer’s Office did not develop formal and consistent training for employees.

In addition, the Treasurer’s Office staff assigned to develop and/or implement policies and procedures related to bank and investment account reconciliations, physically safeguarding cash and check collections, separating responsibilities, and contracting for professional services did not have the necessary knowledge, skills, and experience.

² The Treasurer’s Office paid its investment advisor with interest income earned from its servicing bank accounts’ balances and distributed the remaining interest income to municipalities.

Further, the Treasurer’s Office did not prioritize and implement the assignment of more than 1 individual to collect cash and checks at the Payson location or developing monitoring procedures, such as offsite and unannounced reviews. Finally, the County Treasurer reported that she continued to use the same investment advisor as her predecessor and did not realize that the County did not have a signed contract in place until we asked to review it.

Criteria

State law requires the Treasurer’s Office to safeguard all monies it holds until disbursed (Arizona Revised Statutes §§11-491 and 11-493). The Treasurer’s Office has a responsibility to develop and/or implement internal controls to safeguard cash and investment balances it collects, disburses, and invests on behalf of the County and local governments and to ensure individuals responsible for doing so have the relevant knowledge, skills, and experience, which are gained largely from professional experience, training, and certifications. Developing and/or implementing comprehensive policies and procedures over physical safeguards for cash and check collections, separation of responsibilities, reconciliations of bank and investment accounts, professional services contracts, and ensuring competence in employees responsible for developing and implementing these procedures is an essential part of internal control standards, such as Standards for Internal Control in the Federal Government, issued by the Comptroller General of the United States, and integral to ensuring monies are not fraudulently or mistakenly misused.³

In addition, the County’s cash policy requires the Treasurer’s Office to reconcile each bank account monthly to ensure that any discrepancies, including unreconciled differences, are promptly identified and resolved and to obtain the Board of Supervisors’ approval for new bank accounts.⁴

Also, the County’s procurement procedures require Board of Supervisors’ final approval on all contracts pursuant to A.R.S. §11-201 and prohibits department heads or elected officials from entering into contractual agreements that establish financial obligations for the County.⁵

Further, the County’s procurement policy requires the Treasurer’s Office to ensure the County’s Procurement Department evaluates contracts for professional services, such as for an investment advisor, to ensure the procurement of professional services in accordance with State law (A.R.S. §41-2581).⁶

Specifically, the County’s procurement policy requires the following procedures for professional services contracts awarded without competitive bids:

- ▶ The County Procurement Officer must obtain an annual statement of qualifications and experience including technical education and training; general or special experience, certifications, licenses, and memberships in professional associations, societies, or boards; and any other relevant information.

³ U.S. Government Accountability Office. (2014). *Standards for internal control in the federal government*. Washington, DC. Retrieved 2/4/2026 from <https://www.gao.gov/assets/670/665712.pdf>

⁴ Gila County. (2018). *Board of Supervisors Cash Policy Number BOS-FIN-108*. Retrieved 2/11/2026 from https://cms3.revize.com/revize/gilacounty/government/board_of_supervisors/policies/BOS-FIN-108.pdf?t=202503281607440&t=202503281607440

⁵ Gila County. (2012). *Gila County Procurement Group Statement of Operating Procedures, Article 9 on page 25*. Retrieved 2/11/2026 from https://cms3.revize.com/revize/gilacounty/government/finance/procurement/docs/statement_of_operating_procedures_10_1_12.pdf

⁶ Gila County. (2018). *Board of Supervisors Procurement Policy Number BOS-FIN-113, Section 8:F on pages 11-13*. Retrieved 2/11/2026 from https://cms3.revize.com/revize/gilacounty/government/board_of_supervisors/policies/BOS-FIN-113%20Procurement.pdf?t=202503281607440&t=202503281607440

- ▶ The Treasurer's Office must prepare a scope of work and purchase requisition and forward it to the County Procurement Officer for processing.
- ▶ The County Procurement Officer will award, in writing, the best qualified offeror based on evaluation factors set forth in the request for qualifications and after a written determination that compensation is fair and reasonable.

Finally, A.R.S. §41-1279.21 allows us to perform procedural reviews of county treasurer offices, including evaluating compliance with the uniform system of accounting for county treasurers and reviewing administrative and accounting internal controls.⁷

Recommendations to the Treasurer's Office

1. Safeguard monies collected, disbursed, and invested on behalf of the County and its local governments.

Develop and implement comprehensive policies and procedures, including step-by-step requirements to:

2. Separate cash receipt drawers to only 1 employee per drawer and have the employee reconcile their cash receipts drawer prior to the end of the employee's workday, which includes investigating and recording overages or shortages.
3. Require a second employee to approve the reconciliations daily and ensure overages and shortages are recorded in the accounting records.
4. Store cash and checks collected in a secure location prior to depositing them at the bank.
5. Separate responsibilities to prevent 1 employee from collecting, recording, and depositing cash receipts; reconciling related bank and investment accounts; and creating and posting journal entries to the accounting system. If impractical, require a separate authorized employee to review and approve the transactions. See recommendation 8 related to reconciliation approvals.
6. Separate responsibilities over access to bank and investment accounts by requiring a separate authorized employee to review and approve all requests to open, close, and modify access to bank and investment accounts. All changes should be documented and retained in accounting records and, as applicable, approved by the Board of Supervisors. Describe the methodology used to reconcile the Treasurer's bank and investment accounts to the Treasurer's accounting records, including describing what financial activity and level of detail should be included.
7. Describe the methodology used to reconcile the Treasurer's Office bank and investment accounts to the Treasurer's Office accounting records, including describing what financial activity and level of detail should be included.

⁷ The procedures we performed detected noncompliance and therefore, may be incorporated into the Treasurer's Office upcoming procedural review.

8. Perform a detailed supervisory review and approval of the bank and investment account reconciliations to ensure they are accurate, complete, and properly supported to detect and correct errors in the accounting records.

Follow County policies' requirements to:

9. Perform accurate and complete daily and monthly bank and investment account reconciliations and ensure that any discrepancies, including unreconciled differences, are promptly identified and resolved.
10. Obtain the Board of Supervisors' approval to procure investment advisor services.
11. Prepare a scope of work and purchase requisition and forward it to the County Procurement Officer, who will obtain an annual statement of qualifications and experience including technical education and training; general or special experience, certifications, licenses, and memberships in professional associations, societies, or boards; and any other relevant information.
12. Refrain from entering into contractual agreements that establish financial obligations for the County. Instead, allow the County Procurement Officer to award, in writing, the best qualified offeror based on evaluation factors and written determination that compensation is fair and reasonable.
13. Develop formal training procedures to ensure staff are aware of their job responsibilities and the requirements of County policies and comprehensive Treasurer's Office policies.
14. Ensure employees responsible for developing and/or implementing policies and procedures related to bank and investment account reconciliations, physically safeguarding cash and check collections, separating responsibilities, and contracting for professional services have the necessary knowledge, skills, and experience.
15. Prioritize and implement the assignment of more than 1 individual to collect cash and checks at the Payson location, or develop and implement monitoring procedures, such as offsite and unannounced reviews.

Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The County did not ensure \$2,955 of public monies its employees spent on travel, services, and other purchasing card expenditures were for authorized County business purposes, resulting in risk of misuse of public monies and possible violation of the Arizona Constitution

Condition

Contrary to its policies, the County did not ensure \$2,955 of public monies its employees spent on travel, services, and other purchasing card expenditures were for authorized purposes necessary for official County business for 27 of 88 fiscal year purchasing card transactions we tested. Additionally, the County Manager authorized a blanket approval, rather than issuing individual exceptions for extraordinary and supported circumstances, to its Board of Supervisors and their staff members allowing them to bypass County policy for \$505 of these expenses, as described in Table 1 below.

Table 1

Summary of the \$2,955 of public monies the County did not ensure its employees spent for authorized purposes necessary for official County business

Fiscal year 2025

Purchase type	Details	Total transactions	Total purchase amount
Travel costs	<p>The County manager allowed a blanket exception to its policies for all Board of Supervisors and their staff members, travel costs during fiscal year 2025 without ensuring the supervisors and staff members used the most economical travel options as required by the exception, resulting in 1 supervisor and 1 staff member exceeding standard allowable per diem travel rates by \$505, and the County paid an extra \$28 for a sheriff employee’s hotel fees. Specifically:¹</p> <ul style="list-style-type: none"> ▶ An elected official and a staff member spent \$622, which was \$282 more than the County’s allowable rates for \$340 meals while on travel status for conferences in Washington, D.C. The cost per meal combined for both the elected official and staff members ranged from \$33 to \$93. 	13	\$533

Table 1 continued

Purchase type	Details	Total transactions	Total purchase amount
Travel costs (continued)	<ul style="list-style-type: none"> ▶ An elected official and a staff member paid \$90 for upgraded airfare to main cabin seats while on travel status for conferences in Washington, D.C. ▶ An elected official and a staff member paid \$133 for premium airport parking directly at the airport terminal, which is more costly. ▶ A County Sheriff Department employee paid \$28 more than the County's allowed rate for lodging for an early check-in hotel fee while on travel status in Las Vegas. 		
Services	<p>County used a purchasing card without documenting the public purpose:</p> <ul style="list-style-type: none"> ▶ \$750 for car detailing services for 2 constable cars, at \$375 a car. 	2	750
Other costs	<p>County department supervisors did not review and approve purchasing card transactions prior to the County paying the purchasing card, including:</p> <ul style="list-style-type: none"> ▶ \$1,303 for 9 purchases a deputy constable made for multiple pairs of work boots, printing services, safety equipment, uniforms, and sunshades. ▶ \$200 for conference fees for Sheriff Department employees. ▶ \$110 for a Google subscription. ▶ \$59 for dry cleaning for a judge's robes. 	12	1,672
Total		27	\$2,955

¹ On July 1, 2024, the County manager approved a per diem allowance travel exception for fiscal year 2025 allowing Board of Supervisors and staff members to exceed the financial provisions of the travel policy when conducting business on the County's behalf. Further, the approval states that the Board of Supervisors and staff members should take into consideration the costs associated with the situation and alternatives to determine the most economical and efficient action while following required flexibility to accomplish the objectives and public purpose of their roles as staff and elected officials directing the County's affairs.

Source: Auditor General staff review of Gila County purchasing card transactions and invoices.

Effect

The County put public monies at risk of being misspent or being misused through purchasing card expenditures, which could also be a possible violation of the Arizona Constitution's ban on gifts or loans of public monies. Further, when public monies are misspent or misused, less monies are available for uses that benefit the County and its residents, such as for public safety and health and welfare programs.

Cause

County management reported they have not updated County travel policy rates since 2018, and the County manager issued a blanket approval to accommodate the Board of Supervisors and its staff members travel on official County business to locations that tend to exceed existing allowable rates. However, the County did not provide any analysis or other documentation to support the need for a broad, blanket exception to this policy for all Board of Supervisors and their staff, rather than addressing this on a case by case basis and issuing individual exceptions for extraordinary, supported circumstances. In addition, the County's policies were not sufficiently detailed, and employee cardholders and department supervisors assigned to review and approve purchasing cards were not trained on them.

Specifically, the County's policies and exception to its policy did not:

- ▶ Specify the date by which County department heads are required to approve purchases. However, the County's system automatically approves all purchases on the fifth day of the month following the statement closing date so the County can pay the balance owed. Therefore, if the County department supervisor has not already approved a purchase prior to the fifth day of the month, the purchase will be automatically paid without the required department approval.
- ▶ Explain what would constitute an acceptable use of public monies, including what public monies can be used for, or require its employees to provide documentation prior to the purchase to demonstrate or explain the purchases' public purpose and benefit.
- ▶ Include guidelines for preapprovals allowing travel expenses to exceed the allowable per diem travel rates, such as establishing reasonable amounts per location or defining common allowable exceptions and requiring cardholders to provide documentation after the purchase to demonstrate or explain the purchases' public purpose, most economical travel option, and benefit when meals or other travel costs exceeded the allowable rates.

Further, the County had not provided any training to its employees regarding how to submit documentation for review and approval, what documentation to provide, and how to ensure procurement card purchases comply with constitutional provisions. Finally, although the Finance Department is required to monitor departments' purchasing card usage for compliance with the policies and procedures, it did not have a process in place for doing so and no staff members reviewed the Board of Supervisor's and its staff members' travel expenditures for appropriateness.

Criteria

The County's purchasing card policy restricts County employees' purchasing card use to only purchases required for authorized County business purposes and requires them to submit all applicable documentation supporting the purchase to the assigned department supervisor. Additionally, they require department supervisors to review and approve all charges prior to the County paying the purchasing card. Also, the County's purchasing card policy requires the County's Finance Department to monitor departments' compliance with the policies.¹

Further, the County's travel policy allows maximum meal reimbursement rates of \$10 for breakfast, \$15 for lunch, and \$25 for dinner, or \$50 per day, regardless of location, and requires advance written approval by an elected official or the County manager to exceed them. This policy further requires the employee to limit air travel to the lowest fare available and follow the State of Arizona travel reimbursement rates for lodging and parking. Lodging is reimbursed at the applicable fee plus taxes, and airport parking in Phoenix is limited to \$6.50 a day. However, the policy allows the County Manager to authorize and document exceptions to the travel policy for extraordinary circumstances.^{2,3} Finally, State law bans gifts or loans of public monies by counties to individuals, which could potentially include purchasing card expenditures that are not reviewed and approved and not authorized by County policies (Arizona Constitution, Art. IX, Sec. 7).

Recommendations to the County

1. Follow its travel policy requirements to only issue exceptions for individual, extraordinary circumstances.

Update and implement changes to its existing policies and procedures for purchasing card expenditures to:

2. Require department supervisors to review and approve purchasing card transactions within a specific time frame.
3. Require cardholders to maintain supporting documentation if an authorized County business purpose is not evident from the invoice, receipt, or other support.
4. Specify penalties for purchasing cardholders who violate County policies.
5. Indicate when exceptions allowing travel expenses to exceed the allowable per diem travel rates are acceptable and what documentation should be retained after the purchase to demonstrate or explain the purchases' public purpose and benefit when meals or other travel costs exceeded the allowable rates or lowest costs available. Also, consider establishing per diem travel rates for specific locations and defining common allowable exceptions.

¹ Gila County. (2018). *Gila County Credit Card Policy BOS-FIN-114*. Retrieved 1/30/2026 from https://cms3.revize.com/revize/gilaaz/government/board_of_supervisors/policies/BOS-FIN-114.pdf

² Gila County. (2018). *Gila County Travel Policy BOS-FIN-112*. Retrieved 1/30/2026 from https://cms3.revize.com/revize/gilaaz/government/board_of_supervisors/policies/BOS-FIN-112.pdf

³ State of Arizona's Department of Administration, General Accounting Office. (2024). *State of Arizona Accounting Manual: 5095, Travel*. Retrieved 2/12/2026 from <https://gao.az.gov/sites/default/files/2024-01/5095%20Reimbursement%20Rates%20%20240108.pdf>

6. Update the travel policy and evaluate whether travel rates are appropriate based on travel periods and location.

Require department supervisors responsible for reviewing and approving purchasing card transactions, including those for travel expenses, to:

7. Approve only those transactions that are supported by documentation that evidence purchases are for an authorized County business purpose and to do so prior to the County's paying for them.
8. Review travel expenditures that exceed the allowable per diem limit for reasonableness, economical, and require cardholders to reimburse the County for unreasonable expenses.
9. Require its Finance Department to develop and implement a process to monitor County departments' compliance with the County's purchasing card policies and procedures to help ensure that the County does not pay for purchases that do not have the required invoices, travel claims, receipts, or other documentation supporting that they are for authorized County business.
10. Train all County employees who are purchasing cardholders and department supervisors on its policies and procedures for using purchasing cards. Training should address detailed instructions for how to submit documentation for review and approval, what documentation to provide, and how to ensure procurement card purchases comply with constitutional provisions.

This finding is similar to prior-year finding 2024-02 and was initially reported in fiscal year 2017.

Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm

Condition

The County's process for managing and documenting its risks did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls.

Effect

The County's administration and information technology (IT) management may put the County's operations and IT systems and data at unintended and unnecessary risk of potential harm.

Cause

The County's administration and IT management reported that they have started to develop a data-classification evaluation but were not able to fully implement the new processes before fiscal year-end.

Criteria

Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the County to effectively manage risk related to IT systems and data. Effectively managing risk includes the County's process for identifying, classifying, and inventorying sensitive information that might need stronger access and security controls to address the risk of unauthorized access and use, modification, or loss of that sensitive information.

Recommendations to the County

1. Implement its data inventory process to identify, classify, and inventory the County's sensitive information.
2. Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.

This finding is similar to prior-year finding 2024-04 and was initially reported in fiscal year 2016.

Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Condition

The County's control procedures were not sufficiently implemented to respond to risks associated with its information technology (IT) systems and data.

The County lacked sufficient procedures over the following:

▶ **Restricting access**

Procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.

▶ **Managing system configurations and changes**

Procedures did not ensure configuration settings were securely maintained and all IT system changes were adequately managed.

▶ **Securing systems and data**

IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.

▶ **Ensuring operations continue**

Contingency plan was not tested and employees were not trained to test and ensure restoration of operations in the event of a disaster or other system interruption.

Effect

There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data. It also increases the County's risk of not being able to effectively continue daily operations and completely and accurately recover vital IT systems and data in the event of a disaster or system interruption.

Cause

The County's administration and IT management reported that they were still working on implementing and enforcing policies and procedures over access controls, ensuring employees completed their required training during the fiscal year, and applying all changes timely to its

systems. In addition, because of time constraints the County did not follow existing policies and procedures to test its contingency plan.

Criteria

Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, helps the County protect its IT systems and ensure the integrity and accuracy of the data it maintains as it seeks to achieve its financial reporting, compliance, and operational objectives.

Effective internal controls include the following:

▶ **Restrict access through logical and physical access controls**

Helps to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, key systems and data access are monitored and reviewed, and physical access to the system infrastructure is protected.

▶ **Manage system configurations and changes through well-defined, documented configuration management process**

Ensures the County's IT system configurations are documented and that changes to the systems are identified, documented, evaluated for security implications, tested, and approved prior to implementation. This helps limit the possibility of an adverse impact on the system's security or operation.

▶ **Secure systems and data through IT security internal control policies and procedures**

Helps prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.

▶ **Ensure operations continue through a tested contingency plan**

Provides the preparation necessary to place the plan in operation and helps to ensure business operations continue and systems and data can be recovered in the event of a disaster, system or equipment failure, or other interruption.

Recommendations to the County

1. Make it a priority to implement comprehensive IT policies and procedures and develop processes to ensure the procedures are consistently followed.
2. Monitor County employees' adherence to the IT policies and procedures on a periodic basis to ensure they are consistently followed and inform employees of updates to the policies and procedures throughout the year.

Restrict access

To restrict access to its IT systems and data, implement processes to:

3. Enhance authentication requirements for IT systems.
4. Review data center physical access periodically to determine appropriateness.

Manage system configurations and changes

To configure IT systems securely and manage system changes, implement processes to:

5. Follow the documented patch management process.

Secure systems and data

To secure IT systems and data, implement processes to:

6. Provide all employees ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.

Ensure operations continue

To ensure operations continue, implement processes to:

7. Test the contingency plan.
8. Train employees responsible for implementing the contingency plan.

This finding is similar to prior-year finding 2024-05 and was initially reported in fiscal year 2014.

Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The County did not maintain documentation that it verified 1 vendor was not suspended or debarred, increasing the risk it paid federal program monies to unallowable vendors

Assistance Listings number(s) and name(s):

21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Award number(s) and year(s):

SLFRP0665 March 3, 2021 through December 31, 2026

Federal agency: U.S. Department of the Treasury

Compliance requirement(s): Suspension and debarment

Questioned costs: None

Condition

Contrary to federal regulations, the County did not maintain documentation that it had verified 1 of 5 vendors we tested was not suspended or debarred from doing business with the federal government prior to making the purchases. The vendor was paid program monies totaling \$623,187, or 17% of the program's total federal award expenditures of \$3.6 million.

Effect

As the County could not demonstrate that at the time of the purchases it obtained services from a vendor that had not been suspended or debarred from doing business with the federal government, the County was at increased risk that it could have paid federal program monies to unallowable vendors. Subsequently, we performed additional audit procedures and verified the vendor had not been suspended or debarred by the federal government. Finally, the County is at risk that this finding applies to other federal programs it administers.

Cause

The County had informal procedures that were not consistently applied and lacked policies and procedures to verify that vendors were not suspended or debarred from doing business with the federal government each year and to maintain documentation of this verification within the procurement files.

Criteria

Federal regulations require the County to verify that vendors being paid more than \$25,000 in federal program monies have not been suspended or debarred by either checking their suspension and debarment status, obtaining the vendor's certification stating they are not suspended or debarred, and/or adding a condition regarding suspension and debarment to the purchase contract with the vendor (2 CFR §§180.220 and 180.300). Also, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that the federal program is being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations to the County

1. Verify and maintain documentation that a vendor being paid more than \$25,000 in federal program monies has not been suspended or debarred from doing business with the federal government.

Develop policies and procedures and train staff to:

2. Verify the vendor's suspension and debarment status prior to making purchases by examining the federal government's sam.gov website, obtaining certification from the vendor, or adding a condition in the vendor contract.
3. Maintain documentation of this verification within the procurement files.

This finding is similar to prior year finding 2024-101 and was initially reported in fiscal year 2024.

Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The County prepared the subsequent pages of this document.

Schedule of expenditures of federal awards and related notes

This schedule includes the County's federal grant activity for the fiscal year and the related notes, which are an integral part of the schedule and describe the significant accounting policies used in preparing the schedule and other disclosures as required by 2 Code of Federal Regulations (CFR) §200.510(b).

The results of our auditing procedures on this schedule are described in the independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance.

County response and corrective action plan

The County response and corrective action plan includes the County's response to each finding identified in our audit, including the County's corrective action plan and anticipated completion date to implement our audit finding recommendations, as required by 2 CFR §200.511(c).

We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

Summary schedule of prior audit findings

The summary schedule of prior audit findings includes the County's status of implementing audit finding recommendations from the prior year's audit in addition to the status of any older audit findings that were not reported as fully corrected in the prior year's summary schedule of prior audit findings as required by 2 CFR §200.511(b).

We performed auditing procedures to follow up on prior audit findings, including assessing the reasonableness of the summary schedule of prior audit findings as required by 2 CFR §200.514(e).

GILA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

<i>Federal awarding agency/Assistance Listings Number</i>	<i>Federal program name</i>	<i>Cluster title</i>	<i>Pass-through grantor</i>	<i>Pass-through grantor's numbers</i>	<i>Federal expenditures</i>
Department of Agriculture					
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	CTR043241, CTR067227	\$ 300,779
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	216AZ011Q3903	242,494
10.665	Schools and Roads - Grants to States	Forest Service Schools and Roads Cluster			301,937
10.723	Community Project Funds - Congressionally Directed Spending				113,644
Total Department of Agriculture					958,854
Department of Housing and Urban Development					
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		Arizona Department of Housing	127-23	51,619
14.267	Continuum of Care Program		Arizona Department of Housing	519-22	172,763
14.871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster			565,771
14.871	COVID 19 Section 8 Housing Choice Vouchers	Housing Voucher Cluster			122,403
Total Housing Voucher Cluster					688,174
Total Department of Housing and Urban Development					912,556
Department of Justice					
16.575	Crime Victim Assistance		Arizona Department of Public Safety	2018-V2-GX-0012	92,739
16.576	Crime Victim Compensation		Arizona Criminal Justice Commission	VC-24-004	5,050
16.738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-24-004	164,876
16.838	Comprehensive Opioid, Stimulant, and Other Substances Use Program				364,487
Total Department of Justice					627,152
Department of Transportation					
20.600	State and Community Highway Safety	Highway Safety Cluster	Governor's Office of Highway Safety	2022-PTS-026 2023-PTS-023	24,957
Total Department of Transportation					24,957
Department of The Treasury					
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds				3,568,067
Total Department of The Treasury					3,568,067
Environmental Protection Agency					
66.818	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements				30,522
Total Environmental Protection Agency					30,522
Department of Energy					
81.042	Weatherization Assistance for Low-Income Persons		Arizona Department of Housing	213-22	117,805
Total Department of Energy					117,805
Department of Education					
84.002	Adult Education - Basic Grants to States		Arizona Department of Education	24FABASC-413181-01A 24FIELCC-413181-01A 24FIETCO-413181-01A 24FVILEC-413181-01A	146,256
84.027	Special Education Grants to States				5,635
Total Department of Education					151,891
Election Assistance Commissions					
90.404	HAVA Election Security Grants		Arizona Secretary of State	AZ20101001	7,493
Total Election Assistance Commissions					7,493
Department of Health and Human Services					
93.069	Public Health Emergency Preparedness		Arizona Department of Health Services	CTR055209	196,523

93.110	<i>Maternal and Child Health Federal Consolidated Programs</i>	Arizona Department of Health Services	Gila02282024-1	2,843
93.136	<i>Injury Prevention and Control Research and State and Community Based Programs</i>	Arizona Department of Health Services	IGA2021-069	35,153
93.268	<i>Immunization Cooperative Agreements</i>	Arizona Department of Health Services	CTR060267, CTR060581, ADHS18-177678	272,677
93.558	<i>Temporary Assistance for Needy Families</i>	Arizona Department of Economic Security	DI20-002263	422,915
93.563	<i>Child Support Services</i>	Arizona Department of Economic Security	KR18-0573	70,267
93.568	<i>Low-Income Home Energy Assistance</i>	Arizona Department of Economic Security	DI20-002263	38,771
93.568	<i>Low Income Home Energy Assistance</i>	Arizona Department of Housing	203-24	189,371
Total Low-Income Home Energy Assistance				228,142
93.569	<i>Community Services Block Grant</i>	Arizona Department of Economic Security	DI20-002263	157,154
93.597	<i>Grants to States for Access and Visitation Programs</i>	Arizona Department of Economic Security	DI16-002146	5,221
93.667	<i>Social Services Block Grant</i>	Arizona Department of Economic Security	DI20-002263	4,243
93.917	<i>HIV Care Formula Grants</i>	Arizona Department of Health Services	ADHS18-193949	186,781
93.940	<i>HIV Prevention Activities Health Department Based</i>	Arizona Department of Health Services	ADHS18-188825 CTR066160	4,685
93.967	<i>Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health</i>	Arizona Department of Health Services	CTR064793	90,000
93.994	<i>Maternal and Child Health Services Block Grant to the States</i>	Arizona Department of Health Services	CTR055258	164,698
Total Department of Health and Human Services				1,841,302
Department of Homeland Security				
97.039	<i>Hazard Mitigation Grant</i>	Arizona Department of Emergency and Military Affairs	HMGP-FM-5385-001-001R	1,383,671
97.042	<i>Emergency Management Performance Grants</i>	Arizona Department of Emergency and Military Affairs	EMF-2021-EP-00016-S01	292,689
Total Department of Homeland Security				1,676,360
Total expenditures of federal awards				\$ 9,916,959

Please Note:

Italicized award lines indicate pass-through funding.

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

GILA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Gila County's federal grant activity for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Summary of significant accounting policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Federal Assistance Listings number

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the *2025 Federal Assistance Listings*.

Indirect cost rate

The County elected to use the 15 percent de minimis indirect cost rate as covered in 2 CFR §200.414.



Gila County Finance Department
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March 23, 2026

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

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the Anticipated completion date.

Sincerely,


Maryn Belling, Finance Director

Financial Statement Findings

2025-01

The County Treasurer's Office did not safeguard monies collected, disbursed, and invested on behalf of the County and its local governments, increasing the risk of fraud, misuse, or loss of public monies

Contact: Maryn Belling, Finance Director Monica Wohlforth, Treasurer

Anticipated completion date: June 30, 2027

Corrective Action Plan:

Gila County Finance and Management are working with Gila County Treasury to implement controls to better safeguard monies they collect, disburse, and invest for the County and its local governments. This includes the following improvements:

1. Software & System compliance with Gila County IT policies, procedures, and standards
2. Treasury Policy & Procedure updates to its internal controls
3. Control environment assessment and report by external audit firm
4. Timely reconciliation of daily and monthly work including process-documentation
5. Use of Gila County Procurement and Payables protocols for Investment Management

2025-02

The County did not ensure \$2,955 of public monies its employees spent on travel, services, and other purchasing card expenditures were for authorized County business purposes, resulting in risk of misuse of public monies and possible violation of the Arizona Constitution

Contact: Maryn Belling, Finance Director

Anticipated completion date: June 30, 2026

Corrective Action Plan:

Gila County Finance will work with Management and Elected officials to improve existing policies & procedures to address areas where additional information, training, and clarity are needed.

The Finance staff will provide additional training to County employees on the Procurement, Travel, and Credit Card policies and will continue to monitor and audit expenditures monthly to ensure compliance with policies.

2025-03

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm.

Contact: Maryn Belling, Finance Director

Anticipated completion date: June 30, 2026

Corrective Action Plan:

Gila County IT Director and staff will develop and implement procedures to better manage and document the security of the County's data. The County will evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data.

For proprietary and security purposes, the specifics of FY2026 improvement implementations will be available to the Auditor General's office during the FY26 audit process. For the security of our network and its participating users, the proprietary combination of programs, internal-review protocols, and routine penetration evaluations are not shared publicly.

2025-04

The County’s control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data.

Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2026

Corrective Action Plan:

IT staff will be reviewing authentication controls for each systems with each department using the systems. In addition, Gila County will review access and maintain physical control of the data center. Further, the County will follow its documented patch management processes and ensure all staff complete necessary security awareness training. Finally, the County will evaluate, train staff, and test its contingency plan.

For proprietary and security purposes, the specifics of FY2026 improvement implementations were available to the Auditor General's office during the FY26audit process. For the security of our network and its participating users, the proprietary combination of programs, internal-review protocols, and routine penetration evaluations are not shared publicly.

Federal Award Findings and Questioned Costs

2025-101

Assistance Listings number and program name: 21.027 COVID-19 Corona Virus State and Local Fiscal Recovery Fund
Contact: Maryn Belling
Anticipated completion date: June 30, 2026

Corrective Action Plan: The County will maintain physical documentation that it has verified vendors are not suspended or debarred from doing business with the federal government prior to making purchases & ensure that all employees are trained to verify suspension & debarment and maintain documentation.



Gila County Finance Department

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928-402-8743

March 23, 2026

Lindsey Perry
Auditor General
2910 North 44th Street
Suite 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

Maryn Belling
Finance Director

Status of financial statement findings

Finding number: 2024-01

Status: Fully Corrected

The County did not restrict access to 10 bank accounts to only authorized employees and elected officials, increasing the risk of fraud and misuse of public monies.

Contact: Maryn Belling, Finance Director

Finding number: 2024-02

Status: Partially Corrected

The County did not ensure \$31,108 of public monies its employees spent on food and beverages and other purchasing card expenditures were for authorized County business purposes, resulting in risk of misuse of public monies and possible violation of the Arizona Constitution. Finding initially occurred in fiscal year 2018 (Finding 2018-02).

Contact: Maryn Belling, Finance Director

Anticipated completion date: June 30, 2025

Partially corrected in Fiscal Year 2025. Corrective Action plan continues in Fiscal Years 2026 and 2027.

Corrective Action Plan: Transactions not Approved by Approvers or Signed-Off by Accountholders are no longer being Swept on the 7th of the subsequent month. Transactions are not swept into New World until the Cardholder's Sign-Off and Approver's Approval are in place.

The Finance Department has implemented additional training to all Elected Officials and Department Directors and staff on the travel policy, credit card policy, and procurement policy. The audit findings, specifically regarding credit card purchases and travel documentation were discussed with Department Heads and Elected Officials on April 2, 2025.

In addition, Gila County Finance will work with Management and Elected officials to improve existing policies & procedures to address areas where additional information, training, and clarity are needed.

The Finance staff will provide additional training to County employees on the Procurement, Travel, and Credit Card policies and will continue to monitor and audit expenditures monthly to ensure compliance with policies.

Finding number: 2024-03

Status: Fully Corrected

The County awarded \$30,500 to 4 organizations without ensuring that the monies were used only for economic development that benefitted the public, resulting in an increased risk of misuse of County monies. Finding initially occurred in fiscal year 2017 (Finding 2017-01)

Contact: Maryn Belling, Finance Director

Finding number: 2024-04

Status: Partially Corrected

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm. This finding initially occurred in fiscal year 2014 (Finding 2016-04).

Contact: Maryn Belling, Finance Director

Anticipated completion date: June 30, 2026

Gila County
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2025

Risk assessment area was corrected. Data classification assessment is in process and not fully corrected in Fiscal Year 2025 due to availability of resources. Corrective Action plan continues in 2026.

Corrective Action Plan: Gila County IT Director and staff will develop and implement procedures to better manage and document the security of the County's data. The County will evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data.

Finding number: 2024-05 **Status: Not Corrected**
The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data. This finding initially occurred in fiscal year 2014 (Finding 2014-07)

Contact: Maryn Belling, Finance Director
Anticipated completion date: June 30, 2026

Not corrected in Fiscal Year 2025 due to availability of resources. Corrective Action plan continues in 2026.

Corrective Action Plan: To help prevent and detect unauthorized access or use, manipulation, damage, or loss to its IT resources, the County has developed effective logical access policies and procedures over its IT resources.

IT staff will be reviewing permissions within systems with each department using the systems to determine the lowest level of permissions required to perform their functions. User privileges will be adjusted accordingly, and the permission changes will be documented, anticipated completion June 30, 2026.

Status of Federal Award Findings and Questioned Costs

Finding Number: 2024-101 **Status: Not Corrected**

Assistance Listings number and program name: 21.027 COVID-19 Corona Virus State and Local Fiscal Recovery Fund

Contact: Maryn Belling

Anticipated completion date: June 30, 2026

Corrective Action Plan: The County will maintain physical documentation that it has verified vendors are not suspended or debarred from doing business with the federal government prior to making purchases.