



Single Audit Report

Year Ended June 30, 2025

Pinal 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.

Senator **Mark Finchem**, Co-chairman

Senator **Flavio Bravo**

Senator **Tim Dunn**

Senator **David C. Farnsworth**

Senator **Catherine Miranda**

Senator **Warren Petersen** (ex officio)

Representative **Matt Gress**, Chairman

Representative **Michael Carbone**

Representative **Michele Peña**

Representative **Stephanie Stahl-Hamilton**

Representative **Betty Villegas**

Representative **Steve Montenegro** (ex officio)

Audit staff

Katherine Edwards Decker, Director

Vicki Fisher, Manager

Contact information

 **(602) 553-0333**

 contact@azauditor.gov

 www.azauditor.gov

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

TABLE OF CONTENTS

AUDITORS' SECTION

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* 1

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 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 7

SUMMARY OF AUDITORS' RESULTS 7

FINANCIAL STATEMENT FINDINGS

FINANCIAL STATEMENT FINDING: 2025-01 9

The County issued its Annual Comprehensive Financial Report 5 months late, and its initial financial statements contained misclassifications, delaying those who rely on the information from making decisions and increasing the risk that those who rely on the financial statements could be misinformed if corrections are not made to the financial reporting process

FINANCIAL STATEMENT FINDING: 2025-02 13

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

FINANCIAL STATEMENT FINDING: 2025-03 15

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

FINANCIAL STATEMENT FINDING: 2025-04 19

The County paid \$91,320 for fuel, car washes, tires, and furniture using fuel and purchasing cards without complying with its policies and procedures, resulting in an elevated risk of misuse of public monies

FINANCIAL STATEMENT FINDING: 2025-05 23

Contrary to County policy, several County departments did not ensure a supervisor reviewed and approved employee time sheets to ensure accuracy of the hours charged, resulting in an increased risk of fraud and misuse of public monies and possible violation of the Arizona Constitution

FINANCIAL STATEMENT FINDING: 2025-06 25

The County reported an unreconciled \$1.3 million outstanding balance in its payroll clearing bank account, resulting in an increased risk of financial statement errors, inaccurate payments to employees and outside parties, and fraudulent activity

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FEDERAL AWARD FINDING: 2025-101 27

The County issued its Single Audit Report 6 months late, delaying those who rely on the information from making decisions

COUNTY SECTION 29

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

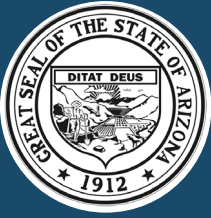
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

COUNTY RESPONSE AND CORRECTIVE ACTION PLAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

REPORT ISSUED SEPARATELY

Annual Comprehensive 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
Pinal 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 Pinal 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 August 26, 2026. Our report includes a reference to other auditors who audited the financial statements of the Housing Grants and Pinal County Health Benefits Trust funds, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit, we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-01, 2025-02, 2025-03, 2025-04, 2025-05, and 2025-06, that we consider 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 and those of the other auditors disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and that is described in the accompanying schedule of findings and questioned costs as item 2025-01.

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.

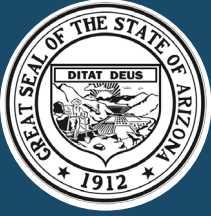
Purpose of this report

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

August 26, 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
Pinal County, Arizona

Report on compliance for each major federal program

Opinion on each major federal program

We have audited Pinal 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, except for the Low Rent Public Housing (Assistance Listing Number [ALN] 14.850), Housing Voucher Cluster (ALN 14.871), and Public Housing Capital Fund (ALN 14.872), major federal programs administered by the County's Housing Department. Those major federal programs were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the report of the other auditors. 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, based on our audit and the report of the other auditors, 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 other 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 these matters.

Report on internal control over compliance

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. 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 of a federal program 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 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. Given these limitations, during our audit, we and the report of the other auditors did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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, aggregate discretely presented component units, 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 August 26, 2026, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, 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

September 28, 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? No

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major federal program(s)

Material weaknesses identified? No

Significant deficiencies identified? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? No

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
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	✓ Unmodified
14.850	Low Rent Public Housing	✓ Unmodified
14.871	Housing Voucher Cluster	✓ Unmodified

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

Assistance Listings number(s)	Name of federal program or cluster	Auditors’ report type
14.872	Public Housing Capital Fund	 Unmodified
17.258, 17.259, 17.278	WIOA Cluster	 Unmodified
21.027	COVID-19—Coronavirus State and Local Fiscal Recovery Funds	 Unmodified

Dollar threshold used to distinguish between Type A and Type B programs

\$1,634,060

Auditee qualified as low-risk auditee?

No

The County issued its Annual Comprehensive Financial Report 5 months late, and its initial financial statements contained misclassifications, delaying those who rely on the information from making decisions and increasing the risk that those who rely on the financial statements could be misinformed if corrections are not made to the financial reporting process

Condition

Contrary to State law, the County issued its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025, over 14 months after fiscal year-end, 5 months later than required. Further, contrary to U.S. generally accepted accounting principles (GAAP), the County’s initial ACFR submitted to auditors contained errors we identified and recommended the County correct so that the County’s financial statements would contain accurate information. The County subsequently corrected these errors from original drafts, including the significant misclassification to the financial statements shown in Table 1.

Table 1
County’s draft ACFR submitted to auditors contained significant misclassifications that required corrections

Fiscal year 2025

Error identifier	Error amount and type	Financial statement line item	Description of misclassification	Opinion unit affected ¹
1	\$1,787,000 misclassification	Investment earnings	The County incorrectly reported investment earnings as unearned revenues	Governmental activities; American Rescue Plan Act Fund
2	\$4,254,000 misclassification	Net position/ Fund balance as of July 1, 2024	The County incorrectly reported previous fiscal years investment earnings as unearned revenues	Governmental activities; American Rescue Plan Act Fund

¹ Our report on the audit of the financial statements includes opinions for the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information. The County’s major funds included the General Fund, Road Tax Districts Fund, American Rescue Plan Act Fund, Public Works Highway Fund, Development Impact Fee Fund, and Debt Service Fund.

Source: Auditor General staff review of revenue documentation and the County’s draft financial statements as of June 30, 2025.

Effect

The County's Finance Department (Department) did not provide timely financial information to its Board of Supervisors and others who rely on audited financial statements to make important decisions about the County's operations. Additionally, because the County had not issued timely financial statements, its Annual Expenditure Limitation Report (AELR), which relies on information from the ACFR and was due 9 months after fiscal year-end, will also be issued late.

In addition, while the Department corrected the errors we identified before issuing its final financial statements, without implementing corrective action to improve its financial reporting process, there is an increased risk that the County's financial statements could contain significant errors and misinform those who are relying on the information.

Cause

The County failed to issue its June 30, 2024, Annual Comprehensive Financial Report (ACFR) in a timely manner, which delayed the completion of the June 30, 2025, ACFR. In addition, the Department failed to provide key financial information, such as complete and accurate financial statements, to auditors. Also, the Department's policies and procedures for preparing its financial statements lacked step-by-step procedures to ensure the financial statements and note disclosures were accurate, complete, and presented in accordance with GAAP.

Further, the County's closing and financial reporting processes are complex, involving data from its accounting information system and other data sources. In addition, the financial statements are compiled using a separate reporting application that requires personnel with the requisite skills, knowledge, and expertise with the application to help ensure the accuracy and timeliness of the year-end close and financial reporting process. The County outsourced the preparation of its financial statements to a CPA firm in 2021 without developing and implementing detailed policies and procedures to follow for management or an independent, knowledgeable individual to oversee and review the financial statement preparation process, including the information provided to the CPA firm by the County. The Department staff assigned to prepare schedules and/or review the draft financial statements were not properly trained in the County's processes or did not have the skills, knowledge, and experience to perform the function; and did not understand how the inaccurate and invalid data impacts the County's financial reporting. Finally, the Department's informal review process of the financial statements, note disclosures, and supporting schedules did not detect errors.

Criteria

State law requires the County to issue its audited financial statements and AELR within 9 months after fiscal year-end or by March 31, 2026 (Arizona Revised Statutes §41-1279.07[C]). Further, the Governmental Accounting Standards Board sets the accounting and financial reporting standards that require the County to prepare its financial statements in accordance with GAAP. Accurate financial statements provide valuable information to those charged with the County's governance and management, and others who rely on the reported financial information to make important decisions about the County's financial operations.

Further, designing, implementing, and maintaining effective policies and procedures is necessary to achieve the County's financial reporting objectives and an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States.¹

Recommendations to the County

1. Issue the County's ACFR by the statutory deadline.
2. Provide accurate and complete financial information to auditors to ensure timely issuance of its audited ACFR.
3. Prepare the financial statements and supporting schedules accurately and in accordance with GAAP.
4. Hire, retain, and train qualified individuals who have the skills, knowledge, and experience to perform financial reporting functions as prescribed by GAAP, State law, and policy.
5. Develop and implement detailed policies and procedures for management to oversee the financial statement-preparation process and review the financial statements, note disclosures, and supporting schedules, including the information provided to the CPA firm by the County process.
6. Require management or an independent, knowledgeable individual to review the County's financial statements the CPA firm prepares. This review should ensure that the financial statements are accurate and complete, properly supported, and presented in accordance with GAAP and to detect and correct misstatements in the financial statements before providing them for audit.

Update existing policies and procedures for preparing its financial statements in accordance with GAAP, including step-by-step procedures to:

7. Reconcile its financial statement balances and activities to subsystems and other records, including obtaining closing and compiling data from the County's accounting system, preparing common year-end financial statement adjustments, and obtaining information not readily available from the accounting system but necessary for financial statement preparation.
8. Evaluate significant changes to financial information to ensure it is properly classified and disclosed.

¹ U.S. Government Accountability Office. (2014). *Standards for Internal Control in the Federal Government*. Retrieved 7/29/2026 from <https://www.gao.gov/assets/670/665712.pdf>

This finding is similar to prior-year finding 2024-01 that 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 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 an overall risk assessment process that included identifying, analyzing, and responding to the County-wide information technology (IT) risks, such as potential harm from unauthorized access, use, disclosure, disruption, modification, or destruction of IT systems and data. Also, it did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls and evaluating and determining the business functions and IT systems that would need to be restored quickly if the County were impacted by disasters or other system interruptions.

Effect

The County's administration and 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 had not prioritized implementing formal procedures for risk-assessment and data-classification processes, nor business continuity.

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 an entity-wide risk assessment process that involves members of the County's administration and IT management. An effective risk assessment process helps the County determine the risks it faces as the County seeks to achieve its objectives to not only report accurate financial information and protect its IT systems and data but to also carry out its overall mission and compliance and service objectives. Additionally, an effective risk management process provides the County the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which it might be subjected. To help ensure the County's objectives can be met, an effective annual risk assessment considers and identifies IT risk in the County's operating environment, analyzes and prioritizes each identified risk, and develops a plan to respond to each risk within the context of the County's defined objectives and risk tolerances. Finally, 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 and the process of evaluating the risk of losing the continuity of business operations in the event of a disaster or system interruption.

Recommendations to the County's administration and IT management

1. Plan for where to allocate resources and where to implement critical controls.
2. Perform an annual entity-wide IT risk assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.
3. 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.
4. Evaluate and determine the critical organization functions and IT systems that would need to be restored quickly given the potential impact disasters or other IT system interruptions could have on the organization's operations, such as public safety, and payroll and accounting, and determine how to prioritize and plan for recovery.

This finding is similar to prior-year finding 2024-04 and was initially reported in fiscal year 2023.

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 developed, documented, and 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 lacked key elements related to restoring 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 did not make it a priority to develop and document comprehensive IT policies and procedures and develop a process to ensure the procedures are being consistently followed.

Criteria

Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the County to 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 access controls**

Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, and key systems and data access is monitored and reviewed.

- ▶ **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. Separating responsibilities is an important control for system changes; the same person who has authority to make system changes should not put the change into production. If those responsibilities cannot be separated, a post-implementation review should be performed to ensure the change was implemented as designed and approved.

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

Help 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 comprehensive, documented, and 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's administration and IT management

1. Make it a priority to develop and document comprehensive IT policies and procedures and develop a process to ensure the procedures are being consistently followed.

Restrict access

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

- 2.** Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
- 3.** Review all other account access to ensure it remains appropriate and necessary.
- 4.** Manage the credentials for accounts shared by 2 or more users.
- 5.** Enhance authentication requirements for IT systems.

Manage system configurations and changes

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

- 6.** Establish and follow a documented change management process.
- 7.** Review proposed changes for appropriateness, justification, and security impact.
- 8.** Document changes, testing procedures and results, change approvals, and post-change review.
- 9.** Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
- 10.** Test changes prior to implementation.
- 11.** Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.
- 12.** Maintain configurations for all system services, assets, and infrastructure; manage configuration changes; and monitor the system for unauthorized or unintended configuration changes.

Secure systems and data

To secure IT systems and data, develop, document, and implement processes to:

- 13.** Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges.
- 14.** Prepare and implement a security incident response plan clearly stating how to report and handle such incidents.
- 15.** Provide all employees ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.

16. Develop an information security plan to protect the integrity of the financial reporting systems and data.

Ensure operations continue

To ensure operations continue, develop, document, and implement processes to:

17. Develop and implement a contingency plan for all County departments and ensure they include all critical elements to restore critical operations.
18. Test the contingency plan.
19. Train staff responsible for implementing the contingency plan.
20. Test backups of systems and data.

This finding is similar to prior-year finding 2024-05 and was initially reported in fiscal year 2023.

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 paid \$91,320 for fuel, car washes, tires, and furniture using fuel and purchasing cards without complying with its policies and procedures, resulting in an elevated risk of misuse of public monies

Condition

Contrary to its policies, the County paid \$91,320 in fiscal year 2025 for fuel, car washes, tires, and furniture for 1,640 transactions that were not in compliance with the County's policies, as described in the bullets below and shown in Table 1 on page 20.

Fuel card purchases

- ▶ For 1,515 transactions totaling \$68,461, County employees purchased premium fuel for vehicles that did not require it. Specifically, the Sheriff's Department, Public Works, Animal Control, and 18 other departments spent \$29,659, \$13,793, \$5,337, and \$19,672, respectively.
- ▶ For 116 transactions totaling \$1,349, County employees used fuel cards instead of purchasing cards to purchase car washes. Specifically, the Courts Department, County Attorney's Office, and 10 other departments spent \$533, \$426, and \$390, respectively.

Purchasing card purchases

- ▶ For 4 transactions totaling \$15,558, the Fleet Services Department used a purchasing card instead of an already open purchase order to purchase tires. In addition, on both occasions, the purchases were split into 2 transactions to intentionally circumvent the purchasing card transaction limit of \$5,000.
- ▶ For 2 transactions totaling \$5,702, the Public Defender Department used a purchasing card instead of using the County's procurement process to purchase office furniture. In addition, the purchase was split into 2 transactions to intentionally circumvent the purchasing card transaction limit of \$5,000.
- ▶ For 3 transactions totaling \$250, the Animal Control and Medical Examiner Departments used a purchasing card instead of a fuel card to purchase fuel.

Table 1

The County failed to comply with its policies and procedures for \$91,320 of fuel and purchasing card purchases

Fiscal year June 30, 2025

Purchase type	Card type	Number of noncompliant transactions	Purchase amount associated with noncompliant transactions
Premium fuel	Fuel card	1,515	\$68,461
Tires	Purchasing card	4	15,558
Office furniture	Purchasing card	2	5,702
Car washes	Fuel card	116	1,349
Fuel	Purchasing card	3	250
Total		1,640	\$91,320

Source: Auditor General staff review of County fuel and purchasing card activity, bank statements, invoices, and other miscellaneous documentation.

Effect

The County put public monies at risk of being misspent or misused, and when public monies are misspent or misused, fewer monies are available for uses that benefit the County and its residents. In addition, splitting purchases and not following proper procurement procedures undermines competitive purchasing requirements, which are created to promote public transparency and equal opportunity for vendors, which helps to protect public monies. Further, when management does not design and implement effective internal controls, it increases the risk of errors, fraud, and noncompliance.

Cause

The County's fuel and purchasing cardholders did not always follow policies and procedures despite signing cardholder agreements that they would comply. In addition, the departmental purchasing card liaisons did not always follow policies and procedures when reconciling the monthly statement report to cardholder expenditures to ensure the purchases were for official use, properly authorized, and made for a valid County purpose, and that all County purchasing policies were followed.

In addition, the County did not properly design and implement internal controls that prevent employees from circumventing purchasing card limits through multiple transactions and did not have a mechanism to detect purchase splitting. Further, the Animal Control and Medical Examiner

Departments reported that the employees' fuel cards did not work at the time of these fuel transactions; therefore, the employees used their purchasing cards.

Criteria

The County's fuel card and purchasing card policies and procedures provide its employee cardholders and department approvers, who are responsible for reviewing and approving card expenses, guidance on allowable purchasing card and fuel card uses and purchases.

Specifically:

- ▶ Premium fuels are not authorized unless required in the owner's manual.¹
- ▶ Fuel purchases for County vehicles with purchasing cards are prohibited.
- ▶ Car wash purchases using fuel cards are prohibited.
- ▶ Purchases with an estimated cost of \$5,000 or more but less than \$50,000 must solicit written quotes from at least 3 vendors.²
- ▶ Purchases may not be split to stay within the single transaction or monthly limits or to avoid competitive procurement actions required by the County Procurement Code.³
- ▶ The department purchasing card liaison is responsible for reviewing all cardholder purchases to determine if the items purchased were for official use and properly authorized. The review includes reconciling the monthly statement report to cardholder expenditures to ensure the purchases are made for a valid County purpose and all County purchasing policies are adhered to.

Further, developing and implementing policies and procedures for fuel and purchasing cards is an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, and integral to ensuring the County's financial reporting and related compliance objectives are achieved.⁴

¹ Pinal County. (2025). *Pinal County Fleet Fuel Card Policy*.

² Pinal County. (2026). *Pinal County Procurement Code*. Retrieved 6/25/26 from <https://www.pinal.gov/DocumentCenter/View/359/Pinal-County-Procurement-Code-PDF>

³ Pinal County. (2015). *Pinal County Policy and Procedure: Procurement Card*. Retrieved 6/25/26 from <https://www.pinal.gov/DocumentCenter/View/5426/920-Procurement-Card-Policy-PDF>

⁴ U.S. Government Accountability Office. (2014). *Standards for Internal Control in the Federal Government*. Retrieved 6/25/26 from <https://www.gao.gov/assets/gao-14-704g.pdf>

Recommendations to the departments

1. Ensure cardholders follow County policies and procedures that require use of fuel and purchasing cards only for authorized purposes necessary for official County business and that benefit the County and its citizens.
2. Ensure departmental purchasing card liaisons/approvers follow County policies and procedures that require them to reconcile the monthly statement report to cardholder expenditures and ensure the purchases are for official use, properly authorized, and made for a valid County purpose, and all County purchasing policies are followed.
3. Train employees who are purchasing and/or fuel cardholders and department purchasing card liaisons approving purchasing and fuel card transactions on County policies and procedures. Specifically, training should address prohibited items and practices such as splitting purchases to intentionally circumvent transaction limits or the County's formal procurement process.

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.

Contrary to County policy, several County departments did not ensure a supervisor reviewed and approved employee time sheets to ensure accuracy of the hours charged, resulting in an increased risk of fraud and misuse of public monies and possible violation of the Arizona Constitution

Condition

Contrary to County policy, the County's Sheriff, Juvenile Probation/Detention, Assessor, and Human Resources (departments) did not always review and approve time sheets to ensure accuracy of the hours charged. Specifically, for 4 of 60 fiscal year 2025 payroll transactions we tested, we found 3 time sheets that were not approved and 1 time sheet that was not approved until 47 days after the pay period ended. The County paid \$213.7 million in wages to its employees during fiscal year 2025.

Effect

Without timely review and approval of time sheets for all employees, the County is unable to demonstrate that its payroll transactions are accurate and represent the time employees worked, increasing the risk of fraud and misuse of public monies. Additionally, the County is at risk of overpaying or underpaying employees and possible violations of the Arizona Constitution if overpayments occur. Further, when public monies are misused, less monies are available for uses that benefit County residents, such as for public safety and health and welfare programs.

Cause

The departments did not have a process to monitor and enforce County payroll policies and procedures requiring employee time sheets to be reviewed and approved by a supervisor. Further, the County's policies and procedures failed to indicate when the review and approval of time sheets must be completed, which allowed for an untimely review process.

Criteria

The County's policies specifically require official County payroll documentation must be verified and approved by an immediate supervisor and submitted on a biweekly basis.¹

¹ Pinal County. (2025). *Pinal County Policy and Procedure: Hours of Work*. Retrieved 06/11/26 from <https://www.pinal.gov/DocumentCenter/View/5254/350-Hours-of-Work-PDF>

Additionally, the County developing, documenting, and implementing effective policies to monitor payroll is an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, and integral to ensuring public monies are not fraudulently or mistakenly misused.² Further, the Arizona Constitution, Art. IX, Sec. 7, bans gifts or loans of public monies, which would include payroll overpayments, to individuals by counties.

Recommendations to the County

1. Update the County's written policies and procedures to include specific payroll-processing deadlines that require timely review and approval of employee time sheets.
2. Develop and implement monitoring procedures to help ensure time sheets are reviewed and approved by department supervisors.
3. Train department supervisors on the County's payroll policies and procedures.

Recommendation to the departments

4. Follow the County's payroll policies and procedures, and ensure supervisors review and approve employee time sheets.

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.

² U.S. Government Accountability Office. (2014). *Standards for Internal Control in the Federal Government*. Retrieved 6/11/26 from <https://www.gao.gov/assets/gao-14-704g.pdf>

The County reported an unreconciled \$1.3 million outstanding balance in its payroll clearing bank account, resulting in an increased risk of financial statement errors, inaccurate payments to employees and outside parties, and fraudulent activity

Condition

Contrary to generally accepted accounting principles (GAAP), the County's Finance Department (Department) reported an unreconciled \$1.3 million outstanding balance in its payroll clearing bank account as of June 30, 2025, which should net to \$0 after each payroll cycle.¹ The County could not support the outstanding \$1.3 million balance with its payroll records and has had unreconciled outstanding balances in its payroll clearing account since fiscal year 2016.

Effect

The Department's not reconciling outstanding balances in its payroll clearing account increases the risk that:

- ▶ The County's financial statements contain significant errors and misinform those who are relying on the information.
- ▶ The County made inaccurate payments to its employees or outside parties, such as taxing authorities and benefits administrators.
- ▶ The County inappropriately withheld more public monies than necessary, resulting in less monies available for uses that benefit the County and its residents, such as for public safety and health and welfare programs.
- ▶ Fraudulent activity and misappropriation of funds could go undetected.

Cause

The Department failed to perform accurate and complete monthly reconciliations of its payroll clearing bank account to its accounting records since at least July 2016. The Department reported that as of June 30, 2025, its policies lacked detailed reconciliation procedures, and the Department's monthly review of the bank account's activity did not encompass all outstanding balances or ensure the account nets to zero after each payroll cycle. Further, the County's

¹ The County uses its payroll clearing bank account as a suspense account to accumulate employees' wages and withholdings for taxes, benefits, etc., in addition to the County's portion of expenses for taxes, benefits, etc. The payroll clearing bank account balance should net to zero after each payroll cycle once payments are made to employees, various taxing authorities, benefits administrators, etc.

management reported that the outstanding balances were not reconciled due to limited resources, and the personnel responsible for reconciling the activity did not have the skills, knowledge, and/or experience to perform a reconciliation over several fiscal years.

Criteria

The Governmental Accounting Standards Board sets the accounting and financial reporting standards that require the County to prepare its financial statements in accordance with GAAP. GAAP principles require reconciliations to ensure financial statements are complete, consistent, and accurate. In addition, the County's policies require the Department to perform monthly bank account reconciliations and to maintain supporting receipts and disbursements from the account.²

Further, designing, implementing, and maintaining effective policies and procedures over its payroll clearing bank account is necessary to achieve the County's objectives that include safeguarding public monies and other assets, and responding to risks of fraud is an essential part of internal control standards, such as the *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

Recommendations to the Department

1. Update its existing policies and procedures for monthly bank account reconciliations to include requirements, and train responsible individuals to perform accurate and complete monthly reconciliations of its payroll-clearing bank account to its accounting records, including investigating discrepancies and outstanding balances and ensuring the account nets to zero after each payroll cycle.
2. Designate a responsible individual(s) with knowledge, skills, and experience to investigate and resolve the \$1.3 million outstanding balance in its payroll clearing bank account, including a review of prior years' outstanding balances back to 2016. Based on the results, the County may need to repay employees, taxing authorities, and/or benefits administrators for any discrepancies found and/or transfer monies back to the County for operating purposes.

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 this recommendation. 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.

² Pinal County. (2025). *Accounting Policies and Procedures: Establishing Bank Accounts*. Retrieved 7/8/2026 from <https://www.pinal.gov/DocumentCenter/View/5416/805-Establishing-Bank-Accounts-PDF>

³ U.S. Government Accountability Office. (2014). *Standards for Internal Control in the Federal Government*. Retrieved 7/8/2026 from <https://www.gao.gov/assets/gao-14-704g.pdf>

The County issued its Single Audit Report 6 months late, delaying those who rely on the information from making decisions

Assistance Listings number(s) and name(s): Not applicable

Questioned costs: Not applicable

Condition

Contrary to federal regulation, the County did not submit its June 30, 2025, Single Audit Report to the federal audit clearinghouse until September 2026, which was 6 months later than federal regulation requires.

Effect

The County submitting its Single Audit Report late prevents the federal government and other grantors of federal awards from having current information to effectively monitor their programs and could delay corrective actions that the County needs to take. Further, federal grantors may deny the County future federal awards or subject it to additional cash-monitoring requirements. This finding was not a result of internal control deficiencies of individual federal programs and, accordingly, did not have a direct and material effect on the compliance requirements over the County's major federal programs.

Cause

The County failed to prepare its June 30, 2025, Annual Comprehensive Financial Report (ACFR) in a timely manner for the reasons we reported in finding 2025-01, which delayed the completion of the Single Audit.

Criteria

Federal regulation requires the County to submit its Single Audit Report to the federal audit clearinghouse no later than 9 months after fiscal year-end or by March 31, 2026, for the County's June 30, 2025, Single Audit Report (2 Code of Federal Regulations §200.512).

Recommendation to the County

1. Issue the County's ACFR by the statutory deadline, as noted in finding 2025-01, so that it can submit all future Single Audit Reports on or before the federally required submission deadline, which is no later than 9 months after fiscal year-end or by March 31 of the subsequent year.

This finding is similar to prior-year finding 2024-101 and was initially reported in fiscal year 2022.

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 this recommendation. 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).

PINAL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2024 - 6/30/2025

Federal Awarding Agency/Program Title	Assistance Listings Number	Additional Award Identification (Optional)	Name of Grantor Pass-Through Entity	Identifying Number Assigned By Grantor Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE									
SCHOOL BREAKFAST PROGRAM	10.553		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001		\$25,068	\$25,068	CHILD NUTRITION CLUSTER	\$67,539
NATIONAL SCHOOL LUNCH PROGRAM	10.555		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001		\$42,471	\$42,471	CHILD NUTRITION CLUSTER	\$67,539
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR067928		\$1,667,455	\$1,667,455	N/A	
SCHOOLS AND ROADS - GRANTS TO STATES	10.655					\$44,874	\$44,874	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$44,874
LAW ENFORCEMENT AGREEMENTS	10.704					\$11,407	\$11,407	N/A	
TOTAL DEPARTMENT OF AGRICULTURE						\$1,791,275			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218				\$482,431	\$966,836	\$966,836	CDBG - Entitlement Grants Cluster	\$966,836
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231				\$15,578	\$15,578	\$15,578	N/A	
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239				\$755,240	\$1,341,892	\$1,341,892	N/A	
ECONOMIC DEVELOPMENT INITIATIVE, COMMUNITY PROJECT FUNDING, AND MISCELLANEOUS GRANTS	14.251					\$1,088,697	\$1,088,697	N/A	
CONTINUUM OF CARE PROGRAM	14.267		ARIZONA DEPARTMENT OF HOUSING	529-25		\$9,000	\$9,000	N/A	
PUBLIC HOUSING OPERATING FUND	14.850					\$890,251	\$890,251	N/A	
SECTION 8 HOUSING CHOICE VOUCHERS	14.871					\$12,808,460	\$12,808,460	HOUSING VOUCHER CLUSTER	\$12,808,460
PUBLIC HOUSING CAPITAL FUND	14.872					\$851,810	\$851,810	N/A	
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						\$1,253,249	\$17,972,524		
DEPARTMENT OF THE INTERIOR									
RECREATION RESOURCES MANAGEMENT	15.524					\$600,000	\$600,000	N/A	
TOTAL DEPARTMENT OF THE INTERIOR							\$600,000		
DEPARTMENT OF JUSTICE									
MISSING AND UNIDENTIFIED HUMAN REMAINS (MUHR) PROGRAM	16.050					\$200,322	\$200,322	N/A	
NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	16.554		ARIZONA CRIMINAL JUSTICE COMMISSION	NCHIP-20-24-006, NCHIP-23-25-008		\$144,007	\$144,007	N/A	
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2023-217, 2023-194, 2023-217, 2023-220, 2023-221, 2023-215		\$190,226	\$190,226	N/A	
RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS	16.593		ARIZONA CRIMINAL JUSTICE COMMISSION	RSAT-25-007		\$312,316	\$312,316	N/A	
FY25 PROJECT SAFE NEIGHBORHOOD	16.609		ARIZONA CRIMINAL JUSTICE COMMISSION	PSN-25-002		\$119,487	\$119,487	N/A	
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	CJI-22-001, DC-25-031		\$75,212	\$100,067	N/A	
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738					\$24,855	\$100,067	N/A	
IMPROVING THE INVESTIGATION AND PROSECUTION OF CHILD ABUSE AND THE REGIONAL AND LOCAL CHILDREN'S ADVOCACY	16.758		NATIONAL CHILDREN'S ALLIANCE	ELOY-AZ-ETS24		\$7,374	\$7,374	N/A	
JUSTICE REINVESTMENT INITIATIVE	16.827					\$28,900	\$28,900	N/A	
DOMESTIC TRAFFICKING VICTIM PROGRAM	16.834		NATIONAL CHILDREN'S ALLIANCE	SANT-AZ-DTVF24		\$13,912	\$13,912	N/A	
COMPREHENSIVE OPIOID, STIMULANT, AND OTHER SUBSTANCES USE PROGRAM	16.838		ARIZONA CRIMINAL JUSTICE COMMISSION	CITIP-24-004		\$245,000	\$245,000	N/A	
TOTAL DEPARTMENT OF JUSTICE							\$1,361,611		
DEPARTMENT OF LABOR									
WIOA ADULT PROGRAM	17.258		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI23-002390	\$1,133,222	\$1,262,453	\$1,262,453	WIOA CLUSTER	\$2,756,024
WIOA YOUTH ACTIVITIES	17.259		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI23-002390	\$641,227	\$769,133	\$769,133	WIOA CLUSTER	\$2,756,024
WIOA DISLOCATED WORKER FORMULA GRANTS	17.278		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI23-002390	\$492,064	\$724,438	\$724,438	WIOA CLUSTER	\$2,756,024
TOTAL DEPARTMENT OF LABOR						\$2,266,513	\$2,756,024		
DEPARTMENT OF TRANSPORTATION									
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2024-PTS-048, 2024-AI-016, 2025-AI-014, 2025-PTS-047		\$92,617	\$92,617	HIGHWAY SAFETY CLUSTER	\$219,870
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2024-405D-033, 2025-PTS-047, 2025-405D-033, 2025-GOHS-500, 2025-405b-502		\$127,253	\$127,253	HIGHWAY SAFETY CLUSTER	\$219,870
TOTAL DEPARTMENT OF TRANSPORTATION							\$219,870		
DEPARTMENT OF TREASURY									
COVID-19 - STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027				\$16,301,335	\$20,811,491	\$22,222,421	N/A	
COVID-19 - STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		ARIZONA ADMINISTRATION OFFICE OF THE COURTS	VC-25-012A, 2024-205, 2024-201, 2024-189, 221100CB02		\$1,410,930	\$22,222,421	N/A	
TOTAL DEPARTMENT OF TREASURY						\$16,301,335	\$22,222,421		
ENVIRONMENTAL PROTECTION AGENCY									
SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES	66.034		ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY	EV23-0035		\$73,146	\$73,146	N/A	
PERFORMANCE PARTNERSHIP GRANTS	66.605		ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY	ADEQ-18-179166 Amendment #5, EV-00335		\$214,631	\$214,631	N/A	
TOTAL ENVIRONMENTAL PROTECTION AGENCY							\$287,777		
DEPARTMENT OF ENERGY									
ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM (EECBG)	81.128					\$77,541	\$77,541		
TOTAL DEPARTMENT OF ENERGY							\$77,541		
DEPARTMENT OF EDUCATION									
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010A		ARIZONA DEPARTMENT OF EDUCATION	25FT1TTI-S11475-01A 25FIDEAS-S10931-01A		\$125,777	\$125,777	N/A	
SPECIAL EDUCATION GRANTS TO STATES	84.027	84.027A	ARIZONA DEPARTMENT OF EDUCATION	25ICSGBA-S10931-01A, 25ICSGBA-S11475-01A		\$61,671	\$61,671	SPECIAL EDUCATION CLUSTER (IDEA)	\$62,695
SPECIAL EDUCATION PRESCHOOL GRANTS	84.173	84.173A	ARIZONA DEPARTMENT OF EDUCATION	25ICSGPR-S11475-01A		\$1,024	\$1,024	SPECIAL EDUCATION CLUSTER (IDEA)	\$62,695
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365		ARIZONA DEPARTMENT OF EDUCATION	T36SA240003	\$5,299	\$5,299	\$5,299	N/A	
TOTAL DEPARTMENT OF EDUCATION						\$5,299	\$193,771		
ELECTION ASSISTANCE COMMISSIOS									
HAVA ELECTION SECURITY GRANTS	90.404		ARIZONA SECRETARY OF STATE	AZ20101001		\$53,510	\$53,510	N/A	
TOTAL ELECTION ASSISTANCE COMMISSION							\$53,510		
DEPARTMENT OF HEALTH AND HUMAN SERVICES									

PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055218	\$344,080	\$344,080	N/A
ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE	93.070	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR067691	\$20,568	\$20,568	N/A
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	ARIZONA DEPARTMENT OF HEALTH SERVICES	Pinal02282024-1	\$9,516	\$9,516	N/A
PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	93.116	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR064400	\$13,176	\$13,176	N/A
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.136	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR070160, CTR070185	\$120,499	\$120,499	N/A
FAMILY PLANNING SERVICES	93.217	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055218	\$350,785	\$350,785	N/A
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR059897, CTR060272	\$717,791	\$717,791	N/A
EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	93.323	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR057224	\$584,373	\$584,373	N/A
PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH	93.354	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055218	\$211,808	\$211,808	N/A
CHILD SUPPORT SERVICES	93.563	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI18-002170, KR23-0058, DI 18-002173/KR18-0736	\$407,457	\$407,457	N/A
GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	93.597	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI16-002151	\$55,412	\$55,412	N/A
FOSTER CARE TITLE IV-E	93.658	ARIZONA ASSOCIATION OF COUNTIES	2502AZPOST	\$214,844	\$214,844	N/A
OPIOID STR	93.788	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR063850	\$9,608	\$80,633	N/A
OPIOID STR	93.788	OFFICE OF THE ARIZONA ATTORNEY GENERAL	AG24-0005, AG24-0005-009, AG24-0005-008	\$71,025	\$80,633	N/A
CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL AND TRIBAL ORGANIZATIONS	93.898	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR070070	\$128,977	\$128,977	N/A
COVID-19 - BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958	ARIZONA DEPARTMENT OF HEALTH SERVICES	GR-ARPA-ACFAM-090122-01 OSBP ARPA PROJECT	\$35,406	\$35,406	N/A
CENTERS FOR DISEASE CONTROL AND PREVENTION COLLABORATION WITH ACADEMIA TO STRENGTHEN PUBLIC HEALTH	93.967	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR064803	\$94,367	\$94,367	N/A
SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS	93.977	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR068315	\$59,766	\$59,766	N/A
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	93.991	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055262	\$74,388	\$74,388	N/A
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994	ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2020-043 /CTR055262	\$152,111	\$152,111	N/A
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$3,675,957		
AMERICORPS						
AMERICORPS STATE AND NATIONAL	94.006	ARIZONA ASSOCIATION OF COUNTIES	ISA-COM-ASC-090123-01	\$7,077	\$7,077	N/A
TOTAL AMERICORPS				\$7,077		
EXECUTIVE OFFICE OF THE PRESIDENT						
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM	95.001	CITY OF TUCSON POLICE DEPARTMENT	HT-23-2945A, HT-23-2945, HT-24-2945	\$181,453	\$181,453	N/A
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT				\$181,453		
DEPARTMENT OF HOMELAND SECURITY						
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042	ARIZONA DEPARTMENT OF MILITARY AND EMERGENCY AFFAIRS	DHS-24-GPD-042-01-99	\$234,729	\$234,729	N/A
HOMELAND SECURITY GRANT PROGRAM	97.067	ARIZONA DEPARTMENT OF HOMELAND SECURITY	21-AZDOHS-OPSG-210437-02, 22-AZDOHS-OPSG-220433-02, 23-AZDOHS-OPSG-230426-01, 23-AZDOHS-OPSG-230426-02, 21-AZDOHS-OPSG-210437-04, 24-AZDOHS-OPSG-240416-01	\$2,833,141	\$2,833,141	N/A
TOTAL DEPARTMENT OF HOMELAND SECURITY				\$3,067,870		
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$19,826,396	\$54,468,681	

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.

PINAL COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2024 - 6/30/2025

Significant Accounting Policies Used in Preparing the SEFA

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.

15% De Minimis Cost Rate

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

Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Pinal 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*.

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*.



PINAL COUNTY
OFFICE OF BUDGET & FINANCE

September 28, 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,

Angeline Woods
Office of Budget & Finance, Director

Office of Budget & Finance

31 N. Pinal Street, Building A, Florence, AZ 85132
T 520-866-6250 or 888-431-1311 F 520-866-6944
www.pinal.gov

Financial statement findings

2025-01

The County issued its Annual Comprehensive Financial Report 5 months late, and its initial financial statements contained misclassifications, delaying those who rely on the information from making decisions and increasing the risk that those who rely on the financial statements could be misinformed if corrections are not made to the financial reporting process.

Name of contact person: Angeline Woods
Anticipated completion date: March 31, 2028

Corrective Action Planned:

In response to the Arizona Auditor General's recommendations, Pinal County remains dedicated to strengthening its financial operations, general ledger reconciliation, and timely submission of the Annual Comprehensive Financial Report (ACFR). To ensure well-informed leadership, the County distributes monthly financial updates to the Board of Supervisors.

To improve audit compliance, internal controls, and operational efficiency, Pinal County has implemented the following key measures:

- **Capacity & Staffing:** Partnered with external accounting consultants to train staff, re-evaluated team size and structure, updated job classifications to match required expertise, and established annual reviews to boost staff retention.
- **Education & Onboarding:** Expanded training programs across central and departmental finance teams, providing targeted resources for new hires with limited governmental accounting experience. Use accounting services to train accounting staff to gain knowledge for independent review of financial statements and related notes and disclosures currently prepared by consultant.
- **Grants Oversight:** Enforced a comprehensive grants policy requiring monthly reconciliations, standard compliance monitoring, and monthly cross-departmental reviews.
- **Procedural Improvements:** Refined the year-end closing checklist to set firm deadlines for internal staff and consultants, alongside continuously updating desktop procedures for reliable schedule preparation.

Implementation of these measures successfully expedited the completion of the annual financial report, cutting the issuance delay from ten months down to five. Pinal County will continue refining its processes to achieve full compliance with statutory reporting deadlines.

2025-02

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.

Name of contact person: Jason Cantrell – CIO
Anticipated completion date: December 2026

Pinal County
Corrective Action Plan
Year ended June 30, 2025

Corrective Action Planned:

Pinal County has finalized its Business Impact Analysis (BIA) for 2024 through Protiviti, a 3rd party audit/risk consulting firm and secured a Cyber Security Enterprise Agreement (EA) with Hyetech Communications in June 2025. We will diligently implement the recommended actions from these analyses to maintain the utmost security of County data.

We will continue to perform annual Risk Assessments through AZDoHS, CISA, and Hyetech. We have implemented risk assessment tools to continuously monitor Pinal County assets, as well as maintain our Risk Register. Related policies and procedures will continue to be updated to reflect implemented practices and address the remaining audit recommendations.

2025-03

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.

Name of contact person: Jason Cantrell – CIO
Anticipated completion date: December 2026

Corrective Action Planned:

Pinal County will continue to address the recommendations for restricting access, managing system configurations and changes, securing systems and data, and ensuring operations continue as the County develops and implements policies and procedures to protect the County's IT systems and data.

During 2025, implemented a documented change management process that includes security and business-impact reviews, formal approvals, pre-deployment testing, complete change documentation, and rollback planning. We will update the policy to formally incorporate post-implementation review requirements and related practices.

Pinal County recognizes the value of a Configuration Management Database "CMDB" solution but has not been able to justify funding a standalone CMDB program. For now, the County is logging and auditing changes to key IT systems to a centralized log management solution. CMDB may become a higher priority based on the output from our Risk Assessment exercise this year.

Multifactor authentication has been implemented to protect privileged access to critical systems. Additional work is underway to further strengthen password standards, account management, periodic access reviews, security monitoring, employee training, incident response, departmental continuity planning, and backup-recovery testing.

2025-04

The County paid \$91,320 for fuel, car washes, tires, and furniture using fuel and purchasing cards without complying with its policies and procedures, resulting in an elevated risk of misuse of public monies.

Pinal County
Corrective Action Plan
Year ended June 30, 2025

Name of contact person: Angeline Woods
Anticipated completion date: March 31, 2028

The County will evaluate its current fuel and purchasing card procedures to strengthen internal controls and safeguard public funds, while ensuring employees maintain the necessary operational tools and resources perform their duties and serve the public efficiently. This includes reviewing existing policies surrounding the use of purchasing and fuel cards. To advance compliance, reinforce internal controls, and optimize operational efficiency, Pinal County has created a position dedicated to compliance review, including purchasing card activity. This position will focus on the following key priorities:

- **Policy Awareness & Training:** Educate cardholders on current policies, procurement guidelines, split-purchase prohibitions, and future policy updates.
- **Transaction Oversight:** Continuously monitor card activity and provide prompt, educational feedback to users when non-compliance occurs.

2025-05

Contrary to County policy, several County departments did not ensure a supervisor reviewed and approved employee time sheets to ensure accuracy of the hours charged, resulting in an increased risk of fraud and misuse of public monies and possible violation of the Arizona Constitution

Name of contact person: Randee Stinson
Anticipated completion date: December 2025

Prior to December 2025, departments were responsible for the approval and repository of employee time sheets. As of December 2025, the county implemented a new timekeeping system. Time sheets are reviewed and electronically approved prior to submission to the payroll department. The new timekeeping system allows for uniform and centralized access to the departments' approved time sheets. The Office of Budget and Finance will continue to provide training to ensure policies related to time sheet management and approval are in compliance.

2025-06

The County reported an unreconciled \$1.3 million outstanding balance in its payroll clearing bank account, resulting in an increased risk of financial statement errors, inaccurate payments to employees and outside parties, and fraudulent activity

Name of contact person: Randee Stinson
Anticipated completion date: December 31, 2026

Corrective Action Planned:

The Office of Budget and Finance acknowledges the recommendations by the Arizona Auditor General. A dedicated accounting staff member has been hired to focus on the reconciliation of the payroll bank account. This staff member works closely with the payroll division to reconcile after every payroll cycle. Reconciliations have been occurring bi-weekly since this staff member was hired. This staff member has been working on finding documentation or reports from our

Pinal County
Corrective Action Plan
Year ended June 30, 2025

financial system to resolve the variances in the current fiscal year and will continue to work toward reconciling previous months back to July 2016. This will take a considerable amount of time as the payroll process is complex and has changed over the years. Current processes and advancements made to achieve a full reconciliation include:

- Identifying and correcting the variances between payments and deposits in the payroll bank account.
- Working collaboratively with the payroll division to correct and put in place preventative measures to reduce future discrepancies.
- Increasing staff to include a payroll supervisor whose primary responsibility is overseeing daily payroll operations and to ensure timely and accurate processing of all payroll related payments immediately following each payroll cycle. The payroll supervisor works closely with the accounting manager, who provides vital support and guidance in managing the payroll functions, including related payments. In cases where the payroll supervisor is unavailable due to unforeseen circumstances, the accounting manager can step in to maintain continuity of operations.
- Using software to reconcile, track deposits, payments, and differences.
- Staff has identified invoicing credits in the previous years not taken that account for a significant amount of the unreconciled credit balance. The identified credits do not affect the employee contributions.
- Procedures and processes have been updated and documented to streamline the reconciliation process for consistency.

Federal award findings and questioned costs

2025-101

The County issued its Single Audit Report 6 months late, delaying those who rely on the information from making decisions

Assistance Listings number and program name: Not applicable

Name of contact person: Angeline Woods

Anticipated completion date: March 31, 2028

Corrective Action Planned:

In response to the Arizona Auditor General's recommendations, Pinal County remains dedicated to strengthening its financial operations, general ledger reconciliation, and timely submission of the Annual Comprehensive Financial Report (ACFR) and Single Audit Report. To improve audit compliance, internal controls, and operational efficiency, Pinal County has implemented the following key measures:

- **Capacity & Staffing:** Partnered with external accounting consultants to train staff, re-evaluated team size and structure, updated job classifications to match required expertise, and established annual reviews to boost staff retention.
- **Education & Onboarding:** Expanded training programs across central and departmental finance teams, providing targeted resources for new hires with limited governmental

Pinal County
Corrective Action Plan
Year ended June 30, 2025

accounting experience. Use accounting services to train accounting staff to gain knowledge for independent review of financial statements and related notes and disclosures currently prepared by consultant.

- **Grants Oversight:** Enforced a comprehensive grants policy requiring monthly reconciliations, standard compliance monitoring, and monthly cross-departmental reviews.
- **Procedural Improvements:** Refined the year-end closing checklist to set firm deadlines for internal staff and consultants, alongside continuously updating desktop procedures for reliable schedule preparation.

Implementation of the measures detailed above for the finding 2025-01 successfully expedited the completion of the single audit report, cutting the issuance delay from ten months down to five. Pinal County will continue refining its processes to achieve full compliance with reporting deadlines.

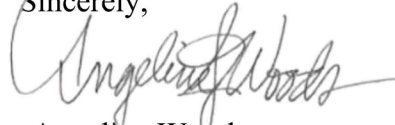
September 28, 2026

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

Dear Ms. Perry:

We have prepared the accompanying summary 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,



Angeline Woods
Office of Budget & Finance, Director

Office of Budget & Finance

31 N. Pinal Street, Building A, Florence, AZ 85132
T 520-866-6250 or 888-431-1311 F 520-866-6944
www.pinal.gov

Status of financial statement findings

The County issued its Annual Comprehensive Financial Report 10 months late, and its initial financial statements contained misstatements and misclassifications, delaying those who rely on the information from making decisions and increasing the risk that those who rely on the financial statements could be misinformed if corrections are not made to the financial reporting process

Finding number: 2024-01. This finding initially occurred in fiscal year 2016.

Status: Partially corrected

Pinal County has continued efforts focused on educating, training, and providing tools for central budget and finance staff, as well as departmental staff to accurately record and reconcile the general ledger for the purpose of issuing the county's Annual Financial Comprehensive Report by the statutory deadline. These continued efforts enabled the county to reduce its issuance timeline by five months. During fiscal year 2026, internal processes for year-end were updated to include consultant reviews and formal assignment of tasks. These changes have decreased the number and type of misclassifications in the financial statement audit process compared to the prior year. In addition, the timeline for schedules and account reconciliation has been tightened with the goal to meet the statutory deadline for the Annual Financial Report and Single Audit. Pinal County will continue to provide updated financial information to the County Board of Supervisors through reports that are prepared and distributed monthly and or on an ad-hoc basis to ensure financial decisions are well-informed. This finding is noted in the current year finding 2025-01. Please see finding 2025-01 for more details.

The County reported an unreconciled \$1.3 million outstanding balance in its payroll clearing bank account, resulting in an increased risk of financial statement errors, inaccurate payments to employees and outside parties, and fraudulent activity

Finding number: 2024-02. This finding initially occurred in fiscal year 2017.

Status: Partially Corrected

Staff identified and corrected \$700k of the outstanding balance in the payroll clearing account as of June 2026. To prevent future variances and address historical items, dedicated finance staff now perform reconciliations following each payroll cycle while actively resolving remaining historical variances dating back to July 2016. This finding is noted in the current year finding 2025-06. Please see finding 2025-06 for more details.

Contrary to County policy, the County did not require and/or retain 3 employees' time sheets to ensure accuracy of the hours charged, resulting in an increased risk of fraud and misuse of public monies and possible violation of the Arizona Constitution

Finding Number: 2024-03 This finding initially occurred in fiscal year 2024.

Status: 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

Finding Number: 2024-04 This finding initially occurred in fiscal year 2023.

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

Status: Partially Corrected

Pinal County has finalized its Business Impact Analysis (BIA) for 2024 through Protiviti, a 3rd party audit/risk consulting firm and secured a Cyber Security Enterprise Agreement (EA) with Hyetech Communications in June 2025. We will diligently implement the recommended actions from these analyses to maintain the utmost security of County data.

We will continue to perform annual Risk Assessments through AZDoHS, CISA, and Hyetech. We have implemented risk assessment tools to continuously monitor Pinal County assets, as well as maintain our Risk Register. Related policies and procedures will continue to be updated to reflect implemented practices and address the remaining audit recommendations. This finding is noted in the current year finding 2025-02. Please see finding 2025-02 for more details.

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

Finding number: 2024-05. This finding initially occurred in fiscal year 2023.

Status: Partially Corrected

Pinal County will continue to address the recommendations for restricting access, managing system configurations and changes, securing systems and data, and ensuring operations continue as the County develops and implements policies and procedures to protect the County's IT systems and data. As of January 2025, we implemented a documented change management process that includes security and business-impact reviews, formal approvals, pre-deployment testing, complete change documentation, and rollback planning. We will update the policy to formally incorporate post-implementation review requirements and related practices.

Pinal County recognizes the value of a Configuration Management Database "CMDB" solution but has not been able to justify funding a standalone CMDB program. For now, the County is logging and auditing changes to key IT systems to a centralized log management solution. CMDB may become a higher priority based on the output from our Risk Assessment exercise this year.

Multifactor authentication has been implemented to protect privileged access to critical systems. Additional work is underway to further strengthen password standards, account management, periodic access reviews, security monitoring, employee training, incident response, departmental continuity planning, and backup-recovery testing. This finding is noted in the current year finding 2025-03. Please see finding 2025-03 for more details.

The County failed to pay taxes and retirement pension contributions within required time frames, resulting in \$654,520 in associated penalties and interest—monies that otherwise could have been used to benefit the County and its residents

Finding number: 2024-06 This finding initially occurred in fiscal year 2024.

Status: Corrected

Status of federal award findings and questioned costs

Assistance Listings number and program name: Not applicable

Finding number: 2024-101. This finding initially occurred in fiscal year 2022.

Status: Partially corrected

Pinal County has continued efforts focused on educating, training, and providing tools for central budget and finance staff, as well as departmental staff to accurately record and reconcile the general ledger for the purpose of issuing the county's Annual Financial Comprehensive Report by the statutory deadline. These continued efforts enabled the county to reduce its issuance timeline by five months. During fiscal year 2026, internal processes for year-end were updated to include consultant reviews and formal assignment of tasks. In addition, the timeline for schedules and account reconciliation has been tightened with the goal of meeting the deadline for the Single Audit. This finding is noted in the current year finding 2025-101. Please see finding 2025-101 for more details.

Assistance Listings number and program name: 21.027 COVID-19—Coronavirus State and Local Fiscal Recovery Funds

Finding number: 2024-102. This finding initially occurred in fiscal year 2024.

Status: Corrected