

Pinal County Attorney's and Sheriff's Offices Anti-Racketeering Monies

CONCLUSION: The Office of the Auditor General has reviewed Pinal County's use of anti-racketeering monies during the period of January 2013 through December 2016. This report includes two findings that describe how former county officials did not follow established policies during that time period. Specifically, Finding 1 is related to the former County Attorney's failure to follow his office's procedures and guidelines when awarding community outreach monies, and Finding 2 is related to the former County Sheriff and county sheriff employees' potential violation of county conflict-of-interest policies. We have submitted this information to the Arizona Attorney General's Office for further review.

Former Pinal County Attorney did not always follow established procedures, ensure community organizations followed established guidelines, or appear to ensure awarded monies were always used for authorized purposes

Former Pinal County Attorney did not always follow established procedures and ensure that organizations followed established guidelines—During calendar years 2013 through 2016, the former Pinal County Attorney awarded almost \$2.4 million of his office's and the former Pinal County Sheriff's local anti-racketeering community outreach award monies to approximately 225 community organizations. We found that the former County Attorney did not always follow his own established procedures and did not always ensure that organizations followed the established guidelines before providing them community outreach award monies. Specifically:

- For 39 of the 82 awards reviewed, the County was unable to provide an application or written proposal from the community organizations that received the awards.
- For the 43 awards that included applications or written proposals directly from the community organization, the documentation was incomplete or had missing information.
- The County was unable to provide documentation to show that the Community Outreach Fund Committee evaluated the 82 awards as the procedures required.
- For 77 of the 82 awards, the County was unable to provide a memorandum of understanding between the community organization and the former Pinal County Attorney outlining the agreement terms as the procedures required. Accordingly, the uses of the awarded monies could not be determined.

Local anti-racketeering community outreach award monies—Monies awarded to nonprofit community organizations intended to support authorized purposes of substance abuse prevention and education and gang prevention efforts. These monies result from forfeitures to law enforcement agencies related to racketeering crimes committed for financial gain.

Former Pinal County Attorney appears to not have monitored community organizations to ensure awarded monies were used for authorized purposes—For 75 of the 82 community outreach awards reviewed, it appears the former Pinal County Attorney did not monitor the community organizations' expenditures to ensure monies were used for authorized purposes directed at substance abuse prevention and education or gang prevention and to ensure the return of any unspent monies. For example, monies were spent on unauthorized purposes such as appreciation events for county sheriff employees and their families and construction of a church dance studio.

Recommendations

The current County Attorney has ended the prior administration's Community Outreach program when he took office on January 3, 2017. The County Attorney's Office has continued to award anti-racketeering monies to community organizations through a new set of procedures.

To help ensure the County Attorney's Office has an effective internal control system over awarding anti-racketeering monies, it should develop and implement procedures that require reviewing and approving all award requests.

The County Attorney should develop and implement controls to monitor community organizations' use of anti-racketeering awards to ensure they are used for authorized purposes, and require organizations to return unexpended monies or monies used for unauthorized uses.

Former Pinal County Sheriff and county sheriff employees appear to have violated conflict-of-interest policies when they participated in the award of community outreach monies to a community organization and failed to disclose their level of control over that organization's disbursement of those awarded monies

Former County Sheriff and county sheriff employees' should have disclosed conflict of interest and abstained from involvement in award decisions—Of the nearly \$2.4 million in local anti-racketeering community outreach awards approved by the former County Attorney from January 2013 through December 2016, the Arizona Public Safety Foundation (Foundation) received 31 awards totaling \$683,406, the largest amount awarded to any community organization. County sheriff employees have historically been involved in the Foundation's business by doing such things as holding board officer positions, performing accounting functions, approving transactions in several expense categories, and holding foundation credit cards in their names. The former County Sheriff, county sheriff employees, or county attorney employees had initiated \$230,000 of the \$683,406 in community outreach awards on the Foundation's behalf, contrary to the County Attorney's established procedures. After the Foundation received those awarded monies, the former County Sheriff or county sheriff employees controlled the Foundation's \$205,625 in disbursements. However, despite the former County Sheriff and county sheriff employees having a substantial level of involvement in how the Foundation used the monies, they appear to have failed to disclose their conflict of interest in Pinal County's records, contrary to county policy.

Former Pinal County Sheriff and county sheriff employees disbursed \$151,645 of community outreach award monies for unauthorized purposes benefiting former Pinal County Attorney and former Pinal County Sheriff programs—By using the Foundation to make these disbursements, the former County Sheriff and county sheriff employees bypassed the County's purchasing procedures requiring levels of approval for processing transactions. Specifically, the former County Sheriff and county sheriff employees approved and disbursed \$87,873 for the former County Sheriff's morale, welfare, and recreation program for payments of donations to nonprofit organizations for charity events county sheriff employees attended and for county sheriff employee recognition or recreation events. These included events such as golf outings, holiday banquets, a Diamondbacks baseball game, and movie nights. In addition, \$63,772 was disbursed for public service announcements developed for both the former County Attorney and former County Sheriff, which were unrelated to the authorized purposes of substance abuse prevention and education or gang prevention.

Recommendations

As of May 2018, no county sheriff or county attorney employees were on the Foundation's board or otherwise involved in foundation activities.

To help ensure anti-racketeering monies are awarded in compliance with conflict-of-interest policies, the Pinal County Attorney should require all employees involved in awarding community outreach monies to sign a statement acknowledging they have complied with the County's conflict-of-interest policies and will not participate in an award when they hold a potential conflict.

The County Attorney should ensure that employees involved in community outreach award decisions comply with county policy by submitting written memorandum from the employee to the employee's supervisor detailing the potential conflicts of interest and confirming the employee will avoid any involvement in related decisions. This memorandum should be submitted to the County Attorney's Office and the County's human resources department.