

**PINAL COUNTY, ARIZONA**  
**SINGLE AUDIT ACT REPORTS**  
**YEAR ENDED JUNE 30, 2018**

**PINAL COUNTY, ARIZONA  
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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Auditor General of the State of Arizona

The Board of Supervisors of  
Pinal County, Arizona  
Florence, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Pinal County, Arizona (County) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 28, 2019. Our report includes a reference to other auditors who audited the financial statements of the Housing Grants Fund, 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 report of the other auditors.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-005 and 2018-006 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Pinal County, Arizona's Response to Findings**

The County's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The County's responses were not subjected to the auditing procedures applied in the audit of the 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 result 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.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
March 28, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

The Auditor General of the State of Arizona

The Board of Supervisors of  
Pinal County, Arizona  
Florence, Arizona

**Report on Compliance for Each Major Federal Program**

We have audited Pinal County, Arizona's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018, except for the Section 8 Housing Choice Vouchers Program – CFDA No. 14.871 major federal program administered by the Pinal County Housing Department. This major program was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to this major program's 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the report of the other auditors provides a reasonable basis for our opinion on compliance for major federal programs. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Programs***

In our opinion, Pinal County, Arizona complied, in all material respects, with the types of 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, 2018.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-007. Our opinion on each major federal program is not modified with respect to this matter.

Pinal County, Arizona's response to the noncompliance finding identified in our audit is described in a separate corrective action plan provided by the County. Pinal County, Arizona's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-007, which we consider to be a significant deficiency.

Pinal County, Arizona's response to the internal control over compliance finding identified in our audit is described in a separate corrective action plan provided by the County. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pinal County, Arizona as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Pinal County, Arizona's basic financial statements. We issued our report thereon dated March 28, 2019, which contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 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 auditing standards generally accepted in the United States of America 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
March 28, 2019

**PINAL COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***Financial Statements***

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?                        X     yes                               no
- Significant deficiency(ies) identified?                    X     yes                               none reported

Noncompliance material to financial statements noted?

           yes                        X     no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?                               yes                        X     no
- Significant deficiency(ies) identified?                    X     yes                               none reported

Type of auditors’ report issued on compliance for major programs:

*Unmodified opinion for all major programs*

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

    X     yes                               no

Identification of major programs:

CFDA Numbers

10.557  
  
14.871  
15.226  
17.258, 17.259, 17.278

Name of Federal Program or Cluster

Special Supplement Nutrition Program for Women, Infants, and Children (WIC)  
Housing Voucher Cluster  
Payments in Lieu of Taxes  
WIOA Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

           yes                        X     no

**PINAL COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2018-001: Oversight of the Financial Reporting Process**

**Condition/Context:** The County does not have an adequate system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with generally accepted accounting principles (GAAP). As such, there were material audit adjustments and significant changes to the financial statements, including the related footnote disclosures that were identified by the auditors.

The audit firm also proposed and the County approved and posted to its general ledger accounts, journal entries to properly record state shared revenues, pension liabilities, capital assets, grant revenues and receivables, lease revenues, investments and related income, and the Governmental Accounting Standards Board (GASB) 34 conversion entries. These entries relate to internal controls over the year-end close-out process. The absence of a complete control procedure or process in this area is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the County's internal control processes.

**Criteria:** The County should have controls in place to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements and year-end accounts balances to correct material misstatements.

**Effect:** Audit adjustments were proposed and subsequently approved and recorded by the County to correct account balances for state shared revenues, pension liabilities, capital assets, grant revenues and receivables, lease revenues, investments and related income, and the GASB 34 conversion entries.

**Cause:** The County has limited resources within its Finance Department and has not established controls to ensure accounts are adjusted to their appropriate year-end balances in accordance with GAAP. The County lacks a formal process to review annual financial statements, related footnote disclosures, and to verify balances are correct at year-end.

**Repeat Finding:** This finding is similar to prior-year finding 2017-001.

**Recommendation:** We recommend the County continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with GAAP. Additionally, we recommend that the County review these adjustments and modify year-end reconciling procedures in an effort to avoid similar adjustments next year.

Lastly, to establish the "full oversight" of the financial statement preparation, we suggest management establish effective review policies and procedures, including, but not limited to, the following functions: review the adequacy of financial statement disclosures by completing a disclosure checklist; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.

**Views of Responsible Officials:** The County concurs with this recommendation.

**PINAL COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2018-002: Prior Period Adjustments**

**Condition/Context:** Restatements were necessary to correct errors in the previously issued financial statements related to Business-type Activities infrastructure and building improvements not properly recorded in prior fiscal years totaling \$2,740,000.

**Criteria:** Internal controls over financial reporting and generally accepted accounting principles.

**Effect:** Prior period adjustments were necessary to properly state beginning net position for errors in the previously issued financial statements.

**Cause:** The County has limited resources within its Finance Department and the County's internal controls over financial reporting failed to detect material misstatements in the prior year issued financial statements.

**Repeat Finding:** This finding is similar to prior-year finding 2017-002.

**Recommendation:** We recommend the County review its internal control procedures to ensure account balances are reported in accordance with generally accepted accounting principles.

**Views of Responsible Officials:** The County concurs with this recommendation.

**PINAL COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2018-003: Capital Assets**

**Condition/Context:** For the fiscal year ended June 30, 2018, the County utilized multiple Excel spreadsheets to account for all infrastructure related capital asset activity, including cumulative cost, depreciation and accumulated depreciation. Additionally, the capital asset records lacked a formal review separate from the preparer.

**Criteria:** Internal controls would dictate that due to the number of assets held and maintained by the County, the current method of maintaining capital assets is not adequate to detect potential errors.

**Effect:** Due to the significant number of capital asset items, the use of multiple worksheets within Excel and the use of multiple Excel documents to account for infrastructure related capital assets, an opportunity exists for a material misstatement to go undetected and uncorrected. As a result, material audit adjustments were required to present capital asset activity in accordance with GAAP.

**Cause:** The County has limited resources within its Finance Department.

**Repeat Finding:** This finding is similar to prior-year finding 2017-003.

**Recommendation:** We recommend the County establish internal controls requiring a formal review of capital asset activity at year-end, including establishing a method of tracking infrastructure activity that will reduce the risk of material misstatements in future fiscal years.

**Views of Responsible Officials:** The County concurs with this recommendation.

**PINAL COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2018-004: Cash Reconciliation**

**Condition/Context:** The County's reconciliation of the cash recorded in the general ledger to the cash held at the County Treasurer was not performed in a timely manner. Additionally, the County has various bank accounts that are not recorded within the general ledger and the payroll bank account has not been reconciled since July 2016.

**Criteria:** GAAP and the Uniform Accounting Manual for Arizona Counties requires that counties reconcile each bank account monthly to ensure that any discrepancies are promptly identified and resolved.

**Effect:** Unreconciled material differences existed between the cash reported at the Treasurer and the County's general ledger. Post-closing entries were required to be recorded during the cash reconciliation process. In addition, the reconciliation caused a significant delay in the completion of the audit.

**Cause:** The County has limited resources within its Finance Department and did not perform timely reconciliations between cash reported at the Treasurer and the general ledger.

**Repeat Finding:** This finding is similar to prior-year finding 2017-004.

**Recommendation:** We recommend the County finance personnel implement policies and procedures to ensure cash reconciliations are completed on a monthly basis (i.e. – within 15 days after month-end). Also, any differences between the Treasurer and general ledger should be investigated and resolved during the monthly reconciliation process.

**Views of Responsible Officials:** The County concurs with this recommendation.

**PINAL COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2018-005: Accounts Receivable**

**Condition/Context:** The County does not have processes and procedures in place to record accounts receivable and track its miscellaneous receivable balances. Accounts receivable balances are recorded based on actual cash received within 60 days after fiscal year-end.

**Criteria:** GAAP requires revenue to be recognized only when the event has occurred and is measurable. Court revenues and other miscellaneous revenues, including related accounts receivable, should be recorded in the period in which the revenue is earned.

**Effect:** Court fines and fees and other miscellaneous revenues, including accounts receivable, could be misstated.

**Cause:** The County's internal controls over financial reporting does not incorporate the proper tracking of receivables of court related fines and fees and other miscellaneous revenues.

**Repeat Finding:** This finding is similar to prior-year finding 2017-006.

**Recommendation:** The County should implement policies and procedures to properly record court and other miscellaneous revenues in accordance with GAAP.

**Views of Responsible Officials:** The County concurs with this recommendation.

**PINAL COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2018-006: Information Technology**

**Condition/Context:**

- The County has numerous documented policies related to IT and its functions. However, the policies are over seven years old and some have not been updated since they were created.
- Financial software programmers have the ability to execute, update, and read production programs and data files. In addition, a listing of code changes is not being reviewed to prevent unauthorized changes.
- Audits of user accounts and their access levels are not performed on a regular basis for Active Directory.
- Audits of user accounts and their access levels are not performed on a regular basis for database and application administrators and service accounts.

**Criteria:** Information technology related to the County's financial software should incorporate proper controls and safeguards to prevent unauthorized access, improper modifications of data, and restrict access to sensitive and confidential information. The County should also have information technology policies reviewed and updated on a regular basis.

**Effect:** Unauthorized access could result in misstatements in the financial statements due to error or fraud.

**Cause:** For access controls, the County did not follow its policies and procedures or lacked policies and procedures for restricting programmers to inquiry-only access and maintaining adequate access security for its significant applications and systems. Finally, the County did not have up-to-date information technology policies and lacked a formal ongoing review of these policies.

**Repeat Finding:** This finding is similar to prior-year finding 2017-008.

**Recommendation:** Management should review and update, as necessary, the IT policies and procedures in place. The policies and procedures should relate to the process and controls used by the County. Also, the County should provide inquiry-only access to programmers and only provide privileged access if there is a production problem which needs to be addressed. In addition, the County should conduct a formal review of all user accounts and their access level annually. The review of access levels should be performed by comparing the user's current access rights listed on the system to those listed on their access form, and by confirming the user's access rights with their departmental manager.

**Views of Responsible Officials:** The County concurs with this recommendation.

**PINAL COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2018-007 Section-8 Tenant Files**

**Federal Agency: U.S. Department of Housing and Urban Development**

**Program Title: Section 8 Housing Choice Vouchers**

**CFDA Number: 14.871**

**Award Period: July 1, 2017 – June 30, 2018**

**Type of Finding:** Compliance (Other Matters) and Significant Deficiency in Internal Control over Compliance

**Criteria:** Each tenant must have an annual certification documented to support the submission in the HUD PIC system. HYUD 24 CFR 908. Each certification is required to include an income verification in accordance with HUD 25 CFR 5.609 and a rent reasonableness determination in accordance with HUD 241 CFR 985 507.

**Condition/Context:** We reviewed 30 tenant files and found the following issues:

- One tenant annual certification had not been completed or documented for the current year, yet the information had been entered into the PIC system using the prior year information.
- One tenant file had no evidence that an EIV system was used to verify tenant income.
- Two tenant files did not have the Rent reasonableness in the current file to show it was considered in the current year re-certification.

**Questioned Costs:** None noted

**Cause:** There was significant turnover in the case workers during the year.

**Effect:** The Department was not in compliance with HUD requirements for annual tenant certifications.

**Repeat Finding:** No

**Recommendation:** The Department should review its policies and procedures regarding management's review of certifications specifically when there is new staff or staff turnover.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**PINAL COUNTY, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
<i>Passed through Arizona Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	ED09-0001	\$ 26,638	-
National School Lunch Program	10.555	ED09-0001	105,222	-
Summer Food Service Program for Children	10.559	ED09-0001	1,837	-
<i>Total Child Nutrition Cluster - CFDA No. 10.553, 10.555 and 10.559</i>			<u>133,697</u>	-
<i>Passed through Arizona Department of Health Services</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	ADHS14-053057	1,519,516	-
Commodity Supplemental Food Program	10.565	ADHS12-010886	17,954	-
<i>Passed through Arizona Department of Forestry and Fire Management</i>				
Cooperative Forestry Assistance	10.664	VEA 16-416	3,576	-
Forest Service Schools and Roads Cluster: Schools and Roads—Grants to States	10.665		179,443	-
<i>Total Forest Service Schools and Roads Cluster - CFDA No. 10.665</i>			<u>179,443</u>	-
Law Enforcement Agreement—Tonto National Forest <i>Total U.S. Department of Agriculture</i>	10.unknown		8,630	-
			<u>1,862,816</u>	-
<b>U.S. Department of Defense</b>				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610		69,164	-
<b>U.S. Department of Housing and Urban Development</b>				
<i>Passed through the Arizona Department of Housing</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	120-17	103,435	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	122-18	39,620	-
<i>Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - CFDA No. 14.228</i>			<u>143,055</u>	-
Public and Indian Housing	14.850		551,173	-
Residential Opportunity and Supportive Services - Service Coordinators	14.870		56,564	-
Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871		3,550,222	-
<i>Total Housing Voucher Cluster - CFDA No. 14.871</i>			<u>3,550,222</u>	-
Public Housing Capital Fund <i>Total U.S. Department of Housing and Urban Development</i>	14.872		227,999	-
			<u>4,529,013</u>	-
<b>U.S. Department of the Interior</b>				
Bureau of Land Management Payments in Lieu of Taxes	15.226		1,640,115	-
<b>U.S. Department of Justice</b>				
<i>Passed through the Phoenix Federal Bureau of Investigation</i>				
FBI Phoenix Child Exploitation Task Force Agreement	16.unknown	31E-PX-C2475025	10,892	-
<i>Passed through the Arizona Governor's Office for Children, Youth and Families</i>				
National Criminal History Improvement Program (NCHIP)	16.554	NCP-16-17-003	6,920	-
National Criminal History Improvement Program (NCHIP)	16.554	NCP-16-17-005	67,544	-
<i>Total National Criminal History Improvement Program (NCHIP) - CFDA No. 16.554</i>			<u>74,464</u>	-
<i>Passed through the Arizona Department of Public Safety</i>				
Crime Victim Assistance	16.575	2015-441, 2018-323	57,202	-
Crime Victim Assistance	16.575	2018-321	31,548	-
Crime Victim Assistance	16.575	2018-322	37,334	-
Crime Victim Assistance	16.575	2015-264	12,156	-
Crime Victim Assistance	16.575	2018-326	51,605	-
<i>Total Crime Victim Assistance - CFDA No. 16.575</i>			<u>189,845</u>	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**PINAL COUNTY, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<i>Passed through the National Association of VOCA Assistance Administrators Crime Victim Assistance/Discretionary Grants</i>	16.582	18-047	\$ 2,749	-
<i>Passed through Arizona Criminal Justice Commission Edward Byrne Memorial Justice Assistance Grant Program</i>	16.738	DC-18-010	39,074	-
<i>Edward Byrne Memorial Justice Assistance Grant Program</i>	16.738	DC-18-031	70,669	-
<i>Total Justice Assistance Grant Program - CFDA No. 16.738</i>			<u>109,743</u>	-
<i>Passed through Arizona Child and Family Advocacy Network Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers</i>	16.758	1-ELOY-SA-AZ15, 7-SANT-AZ-SA17	8,717	-
<i>Equitable Sharing Program</i>	16.922		15,906	-
<i>Total U.S. Department of Justice</i>			<u>412,316</u>	-
<b>U.S. Department of Labor</b>				
<i>Passed through Arizona Department of Economic Security</i>				
<i>WIA/WIOA Cluster</i>				
<i>WIA/WIOA Adult Program</i>	17.258	DI16-002115	679,472	486,207
<i>WIA/WIOA Youth Activities</i>	17.259	DI16-002115	1,107,489	896,812
<i>WIA/WIOA Dislocated Worker Formula Grants</i>	17.278	DI16-002115	376,529	241,422
<i>Total WIA/WIOA Cluster - CFDA No. 17.258, 17.259 and 17.278</i>			<u>2,163,490</u>	<u>1,624,441</u>
<i>Total U.S. Department of Labor</i>			<u>2,163,490</u>	<u>1,624,441</u>
<b>U.S. Department of Transportation</b>				
<i>Highway Planning and Construction Cluster:</i>				
<i>Passed through Maricopa Association of Governments</i>				
<i>Highway Planning and Construction</i>	20.205	FY 2018 CMAQ	255,664	-
<i>Total Highway Planning and Construction Cluster - CFDA No. 20.205</i>			<u>255,664</u>	-
<i>Highway Safety Cluster:</i>				
<i>Passed through Arizona Governor's Office of Highway Safety</i>				
<i>State and Community Highway Safety</i>	20.600	2017-PT-043	16,889	-
<i>State and Community Highway Safety</i>	20.600	2017-AI-007	5,175	-
<i>State and Community Highway Safety</i>	20.600	2018-PTS-051	50,731	-
<i>State and Community Highway Safety</i>	20.600	2018-PTS-052	30,000	-
<i>State and Community Highway Safety</i>	20.600	2018-OP-012	16,598	-
<i>National Priority Safety Programs</i>	20.616	2018-405d-039	44,623	-
<i>Total Highway Safety Cluster - CFDA No. 20.600 and 20.616</i>			<u>164,016</u>	-
<i>Total U.S. Department of Transportation</i>			<u>419,680</u>	-
<b>Institute of Museum and Library Services</b>				
<i>Passed through Arizona State Library, Archives and Public Records</i>				
<i>Grants to States</i>	45.310	2017-0010-I-00	5,000	-
<b>Environmental Protection Agency</b>				
<i>Passed through Arizona Department of Environmental Quality</i>				
<i>Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Related to the Clean Air Act</i>				
	66.034	ADEQ-18-179166	220,030	-
<b>U.S. Department of Education</b>				
<i>Passed through Arizona Department of Education</i>				
<i>Title I Grants to Local Educational Agencies</i>	84.010	18FT1TTI-811475-01A	77,340	-
<i>Special Education Cluster:</i>				
<i>Special Education - Grants to States</i>	84.027	18FT4TIV-811475-01A	33,225	-
<i>Total Special Education Cluster - CFDA No. 84.027</i>			<u>33,225</u>	-
<i>Improving Teacher Quality State Grants</i>	84.367	18FT1TII-811475-03A	2,847	-
<i>Total U.S. Department of Education</i>			<u>113,412</u>	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**PINAL COUNTY, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through Arizona Department of Health Services</i>				
Public Health Emergency Preparedness	93.069	ADHS17-133198	\$ 481,598	-
Environmental Public Health and Emergency Response	93.070	ADHS-18-175518	2,407	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	ASHS18-188132	67,038	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	ADHS18-180024	8,682	-
<i>Passed through Arizona Family Planning Council</i>				
Family Planning Services	93.217	None	383,539	-
<i>Passed through Arizona Department of Health Services</i>				
Immunization Cooperative Agreements	93.268	ADHS18-177686	310,107	-
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	ADHS17-163352	8,741	-
Preventive Health and Health Services Block Grant	93.758	ADHS16-099168	84,819	-
<i>Passed through Arizona Department of Economic Security</i>				
Child Support Enforcement	93.563	G1604AZ4004	325,317	-
Grants to States for Access and Visitation Programs	93.597	i1101AZSAVP & 1601AZSAVP	13,351	-
<i>Passed through the Arizona Department of Health Services</i>				
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	ADHS14-064600	169,631	-
HIV Prevention Activities_Health Department Based	93.940	ADHS18-188826	21,374	-
Preventive Health Services_Sexually Transmitted Diseases Control Grant	93.977	ADHS14-071221	36,340	-
Maternal and Child Health Services Block Grant to the States - MCH Block Grants	93.994	ADHS16-099168	146,922	-
<b>Total U.S. Department of Health and Human Services</b>			<b>2,059,866</b>	<b>-</b>
<b>Executive Office of the President</b>				
<i>Passed through the City of Tucson Police Department</i>				
High Intensity Drug Trafficking Areas Program	95.001	HT-16-2622	66,270	-
High Intensity Drug Trafficking Areas Program	95.001	HT-16-2634	8,111	-
High Intensity Drug Trafficking Areas Program	95.001	HT-17-2724	34,881	-
High Intensity Drug Trafficking Areas Program	95.001	HT-17-2734	8,497	-
<i>Total High Intensity Drug Trafficking Areas Program - CFDA No. 95.001</i>			117,759	-
<b>U.S. Department of Homeland Security</b>				
<i>Passed through the Arizona Department of Emergency and Military Affairs</i>				
Emergency Management Performance Grants	97.042	EMF-2017-EP-00008-S01	286,768	-
<i>Passed through the Arizona Department of Homeland Security</i>				
Homeland Security Grant Program	97.067	16-AZDOHS-OPSG-160304-02	311,723	-
Homeland Security Grant Program	97.067	16-AZDOHS-OPSG-160304-03	13,948	-
Homeland Security Grant Program	97.067	15-AZDOHS-OPSG-150312-02	10,332	-
Homeland Security Grant Program	97.067	17-AZDOHS-HSGP-170305-01	31,416	-
Homeland Security Grant Program	97.067	17-AZDOHS-OPSG-170305-04	254,471	-
Homeland Security Grant Program	97.067	17-AZDOHS-OPSG-170305-05	9,333	-
Homeland Security Grant Program	97.067	15-AZDOHS-OPSG-150312-03	9,175	-
Homeland Security Grant Program	97.067	15-AZDOHS-OPSG-150312-04	33,777	-
<i>Passed through the Arizona Department of Emergency and Military Affairs</i>				
Homeland Security Grant Program	97.067	170304-01 FAI	3,263	-
<i>Total Homeland Security Grant Program - CFDA No. 97.067</i>			677,438	-
<b>Total U.S. Department of Homeland Security</b>			<b>964,206</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 14,576,867</b>	<b>\$ 1,624,441</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**PINAL COUNTY, ARIZONA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2018**

**NOTE 1 GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal awards of Pinal County (County). The County's reporting entity is defined in Note 1 to the County's basic financial statements for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements for the year ended June 30, 2018. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 INDIRECT COST**

The County did not elect the 10 percent de minimus indirect cost rate.



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2018**

Pinal County, Arizona respectfully submits the following corrective action plan for the reported findings for the fiscal year ended June 30, 2018.

The findings are numbered consistently with numbers assigned in the June 30, 2018 single audit report.

**2018-001: Oversight of the Financial Reporting Process**

**Condition:** The County does not have an adequate system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with generally accepted accounting principles (GAAP). As such, there were material audit adjustments and significant changes to the financial statements, including the related footnote disclosures that were identified by the auditors.

The audit firm also proposed and the County approved and posted to its general ledger accounts, journal entries to properly record state shared revenues, pension liabilities, capital assets, grant revenues and receivables, lease revenues, investments and related income, and the Governmental Accounting Standards Board (GASB) 34 conversion entries. These entries relate to internal controls over the year-end close-out process. The absence of a complete control procedure or process in this area is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the County's internal control processes.

**Corrective Action Plan:**

Staff turnovers within the finance department caused delays in both the reconciliation and financial statement preparation. Finance was able to create an Accounting and Reporting Manager position in August of 2017 to assist in the financial statement process. Additionally, we had budgeted for an Accounting Supervisor position, but were unable to recruit a qualified candidate. This led to staffing challenges with regard to maintaining our system of internal controls with regards to financial statement preparation. Additionally in the current audit year we experienced staff turnover within the accounting staff due to retirement and staff moving to other departments. These position have been replaced and it is anticipated that we will reestablish our internal controls with regards to financial statement preparation for the upcoming year.

**Anticipated Completion Date:** June 30, 2019

**Name of Contact Person:** Levi Gibson, Finance Director



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
CORRECTIVE ACTION PLAN (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**2018-002: Prior Period Adjustments**

**Condition:** Restatements were necessary to correct errors in the previously issued financial statements.

**Corrective Action Plan:**

The restatements occurred in areas where we experience staff turnover as noted in finding 2018-001. These positions have now been filled and in coordination with the Accounting and Reporting Manager who was hired in August of 2017, will create and implement processes to prevent restatements due to errors not previously known. It is anticipated that these additional process will ensure that restatements are not necessary for future period.

**Anticipated Completion Date:** June 30, 2019

**Name of Contact Person:** Levi Gibson, Finance Director

**2018-003: Capital Assets**

**Condition/Context:** For the fiscal year ended June 30, 2018, the County utilized multiple Excel spreadsheets to account for all infrastructure related capital asset activity, including cumulative cost, depreciation and accumulated depreciation. Additionally, the capital asset records lacked a formal review separate from the preparer.

**Corrective Action Plan:**

The Finance Department is committed to safeguarding the capital assets of Pinal County, including Infrastructure related capital assets. During this audit year the capital asset accountant transitioned to the Pinal County Budget Office. We are establishing processes and procedures to ensure that all capital assets working documents are subject to a formal documented review process. Additionally, we are reviewing how to utilize our capital asset software for tracking infrastructure assets or utilizing a system currently being deployed by our Public Works department.

**Anticipated Completion Date:** June 30, 2019

**Name of Contact Person:** Levi Gibson, Finance Director



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
CORRECTIVE ACTION PLAN (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**2018-004: Cash Reconciliation**

**Condition/Context:** The County's reconciliation of the cash recorded in the general ledger to the cash held at the County Treasurer was not performed in a timely manner. Additionally, the County has various bank accounts that are not recorded within the general ledger and the payroll bank account has not been reconciled since July 2016.

**Corrective Action Plan:**

The finance department has experienced vacancies in accounting positions during the 17-18 Fiscal years. Due to the lack of qualified staff and the complexity of the reconciliation process between the general ledger and the County Treasurer office, reconciliations were not completed in a timely manner. In order to speed up the process of reconciliations between the Treasurer Office and the General Ledger we are currently working on a system modification that will allow for more automations of the reconciliation and for the reconciliation to occur within the County Financial system. This will allow us to work towards our goal of having all cash reconciliations completed within the first 10 days of the following month.

**Anticipated Completion Date:** June 30, 2019

**Name of Contact Person:** Levi Gibson, Finance Director

**2018-005: Accounts Receivable**

**Condition/Context:** The County does not have processes and procedures in place to record accounts receivable and track its miscellaneous receivable balances. Accounts receivable balances are recorded based on actual cash received within 60 days after fiscal year-end.

**Corrective Action Plan:**

The Finance department will review process and procedures to ensure that accounts receivables are recorded appropriately. This will include working with departments to ensure that they notify finance of any and all receivables. Additionally, Finance will work with our ERP team to develop a project time-line for configuring and using an accounts receivable module within the general ledger portion of our ERP system.

**Anticipated Completion Date:** June 30, 2019

**Name of Contact Person:** Levi Gibson, Finance Director



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
CORRECTIVE ACTION PLAN (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**2018-006: Information Technology**

**Condition/Context:**

- The County has numerous documented policies related to IT and its functions. However, the policies are over six years old and some have not been updated since they were created.
- Financial software programmers have the ability to execute, update, and read production programs and data files. In addition, a listing of code changes is not being reviewed to prevent unauthorized changes.
- Audits of user accounts and their access levels are not performed on a regular basis for Active Directory.
- Audits of user accounts and their access levels are not performed on a regular basis for database and application administrators and service accounts.

**Corrective Action Plan:**

Work has begun on policy creation and update around information security.

Anticipated Completion Date: July, 2019

Name of Contact Person: Steve Frazier, CIO

A complete review of programmer access to the production environment will be performed and appropriate changes made based within resource limitations. A process to review code changes will be implemented.

Anticipated Completion Date: July, 2019

Name of Contact Person: SuzAnne Garcia, ERP Manager

Audits of user accounts and their access levels are not performed on a regular basis for Active Directory.

Based on a prior internal audit finding work has already begun on formalizing a regular review of Active directory accounts.

Anticipated Completion Date: July, 2019



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
CORRECTIVE ACTION PLAN (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Name of Contact Person: Steve Frazier, CIO

Audits of user accounts and their access levels are not performed on a regular basis for database and application administrators and service accounts.

ERP Team will formalize a process to perform regular review of application administrators and service accounts.

Anticipated Completion Date: July, 2019

Name of Contact Person: SuzAnne Garcia, ERP Manager

**2018-007: Section-8 Tenant Files**

**Federal Agency: U.S. Department of Housing and Urban Development**

**Program Title: Section 8 Housing Choice Vouchers**

**CFDA Number: 14.871**

**Award Period: July 1, 2017 – June 30, 2018**

**Condition/Context:** We reviewed 30 tenant files and found the following issues:

- One tenant annual certification had not been complete or documented for the current year, yet the information had been entered into the PIC system using the prior year information.
- One tenant file had no evidence that an EIV system was used to verify tenant income.
- Two tenant files did not have the Rent reasonableness in the current file to show it was considered in the current year re-certification

**Corrective Action Plan:**

The Pinal County Housing Department has suffered the effects from a shortage of staff especially in the Section 8 program which is our largest funded housing program. Upon losing one of the case managers who had only been with the housing department for a few months, there was no follow-up on a file that should have been deemed incomplete that was processed off the previous year's information.

During this case manager's tenure with the housing department as a new employee, 85 percent of the files that were processed by this case manager were audited for training purposes.

We do believe that this was an isolated incident with the files and since then we have reassigned some case load responsibilities to ensure that the case load is now evenly divided to ensure that each case worker has time to give more attention to the details of each participant files.



## PINAL COUNTY

WIDE OPEN OPPORTUNITY

### PINAL COUNTY, ARIZONA CORRECTIVE ACTION PLAN (CONTINUED) YEAR ENDED JUNE 30, 2018

The Operations Manager has reviewed the current procedures that are in place for completing annual re-certifications and the following changes will be implemented:

- Upon receiving a recertification packet, the case manager will begin to check the tenant off the list so that once the 1st deadline arrives, the second notice of recertification can be sent out immediately.
- Each Case manager will add a reminder to their outlook calendar to alert them of a participant's deadline to submit missing information.
- Case managers will immediately send out termination notices to participants who have been given all proper notification to complete their annual recertification process.
- Each Case manager will have no more than five files in their office at a time to ensure that they are completely finishing a file before it is filed back in the file room as a completed file.

**Anticipated Completion Date:** June 30, 2019

**Name of Contact Person:** Randee Stinson, Accounting Manager



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2018**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Pinal County, Arizona respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

Audit period: The findings below were reported in the June 30, 2017 reporting period.

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINANCIAL STATEMENT FINDINGS**

**2017-001: Oversight of the Financial Reporting Process**

**Condition:** The County does not have an adequate system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with generally accepted accounting principles (GAAP). As such, there were material audit adjustments and significant changes to the financial statements, including the related footnote disclosures that were identified by the auditors.

The audit firm also proposed and the County approved and posted to its general ledger accounts, journal entries to properly record state shared revenues, pension liabilities, capital assets, grant revenues and receivables, lease revenues, investments and related income, and the Governmental Accounting Standards Board (GASB) 34 conversion entries. These entries relate to internal controls over the year-end close-out process. The absence of a complete control procedure or process in this area is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the County's internal control processes.

**Status:** Not corrected. Similar finding noted as item 2018-001 in the current year.

**Reason for finding's reoccurrence:** Continual staff turnover and being understaffed.

**2017-002: Prior Period Adjustments**

**Condition:** Restatements were necessary to correct errors in the previously issued financial statements.

**Status:** Not corrected. Similar finding noted as item 2018-002 in the current year.

**Reason for finding's reoccurrence:** Continual staff turnover and being understaffed.



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2018**

**2017-003: Capital Assets**

**Condition/Context:** For the fiscal year ended June 30, 2017, the County utilized multiple Excel spreadsheets to account for all infrastructure related capital asset activity, including cumulative cost, depreciation and accumulated depreciation. Additionally, the capital asset records lacked a formal review separate from the preparer.

**Status:** Not corrected. Similar finding noted as item 2018-003 in the current year.

**Reason for finding's reoccurrence:** Continual staff turnover and being understaffed.

**2017-004: Cash Reconciliation**

**Condition/Context:** The County's reconciliation of the cash recorded in the general ledger to the cash held at the County Treasurer was not performed in a timely manner. Additionally, the County has various bank accounts that are not recorded within the general ledger and the payroll bank account has not been reconciled since July 2016.

**Status:** Not corrected. Similar finding noted as item 2018-004 in the current year.

**Reason for finding's reoccurrence:** Continual staff turnover and being understaffed.

**2017-005: Retainage Payable**

**Condition/Context:** Retainage payable was not properly recorded on one of the County's capital projects at fiscal year-end. An audit adjustment of \$478,045 in the Bond Funded Capital Projects Fund was necessary to properly record retainage payable. In addition, this amount was added to the construction in progress balance.

**Status:** Fully corrected in the current fiscal year.

**2017-006: Accounts Receivable**

**Condition/Context:** The County does not have processes and procedures in place to record accounts receivable and track its miscellaneous receivable balances. Accounts receivable balances are recorded based on actual cash received within 60 days after fiscal year-end.

**Status:** Not corrected. Similar finding noted as item 2018-005 in the current year.

**Reason for finding's reoccurrence:** Continual staff turnover and being understaffed.



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**2017-007: Pay Rate Approval**

**Condition/Context:** Documentation of employee pay rates was not always maintained in the employee file.

**Status:** Fully corrected in the current fiscal year.

**2017-008: Information Technology**

**Condition/Context:**

- The County has numerous documented policies related to IT and its functions. However, the policies are over six years old and some have not been updated since they were created.
- Financial software programmers have the ability to execute, update, and read production programs and data files. In addition, a listing of code changes is not being reviewed to prevent unauthorized changes.
- Audits of user accounts and their access levels are not performed on a regular basis for Active Directory.
- Audits of user accounts and their access levels are not performed on a regular basis for database and application administrators and service accounts.

**Status:** Not corrected. Similar finding noted as item 2018-006 in the current year.

**Reason for finding's reoccurrence:** Continual staff turnover and being understaffed.



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**FEDERAL AWARD FINDINGS**

**2017-009: Reporting**

**Federal Agency: All major federal programs**  
**Program Title: All major federal programs**  
**CFDA Number: All major federal programs**  
**Award Period: Various**

**Condition/Context:** The financial and compliance audit was not completed within nine months of the end of the fiscal year.

**Status:** Fully corrected in the current fiscal year.

**2017-010: Subrecipient Monitoring**

**Federal Agency: U.S. Department of Labor**  
**Program Title: WIOA Cluster**  
**CFDA Number: 17.258, 17.259 and 17.278**  
**Pass Through Entity: Arizona Department of Economic Security**  
**Pass Through Number: DI16-002115**  
**Award Period: July 1, 2016 – June 30, 2017**

**Condition/Context:** The County did not properly monitor subrecipient activities to ensure that the program's two subrecipient's administered the Federal award in compliance with Federal requirements as fiscal monitoring was not performed for one of the subrecipients and the remaining monitoring was performed after fiscal year-end.

**Status:** Fully corrected in the current fiscal year.



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**2017-011: Eligibility**

**Federal Agency: US Department of Agriculture**  
**Program Title: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**  
**CFDA Number: 10.557**  
**Pass Through Entity: Arizona Department of Health Services**  
**Pass Through Number: ADHS14-053057**  
**Award Period: October 1, 2016 – September 30, 2018**

**Condition/Context:** For four of 60 participant files tested, the County lacked signed permission forms.

**Status:** Fully corrected in the current fiscal year.

**2017-012 Allowable Costs**

**Federal Agency: US Department of Agriculture**  
**Program Title: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**  
**CFDA Number: 10.557**  
**Pass Through Entity: Arizona Department of Health Services**  
**Pass Through Number: ADHS14-053057**  
**Award Period: October 1, 2016 – September 30, 2018**

**Condition/Context:** For six of 60 and five of 60 payroll disbursements tested, respectively, the County overcharged and undercharged employee hours charged to the Federal program.

**Status:** Fully corrected in the current fiscal year.



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**PINAL COUNTY, ARIZONA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**2017-013 Reporting**

**Federal Agency: U.S. Department of Labor  
Program Title: WIOA Cluster  
CFDA Number: 17.258, 17.259 and 17.278  
Pass Through Entity: Arizona Department of Economic Security  
Pass Through Number: DI16-002115  
Award Period: July 1, 2016 – June 30, 2017**

**Condition/Context:** For seven of 59 monthly reports tested for the WIOA Cluster program, the County did not submit monthly financial reports to the awarding agency.

**Status:** Fully corrected in the current fiscal year.