



NOTICE OF PUBLIC MEETING AND EXECUTIVE SESSION  
PINAL COUNTY AUDIT COMMITTEE  
SUMMARY OF AGENDA FOR COMMITTEE MEETING  
Tuesday, September 26, 2023

12:00 PM - CALL TO ORDER

PINAL COUNTY ADMINISTRATIVE COMPLEX  
IRONWOOD CONFERENCE ROOM  
135 N. PINAL STREET  
FLORENCE, AZ 85132

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BUSINESS BEFORE THE BOARD

(1) Call to Public -

Consideration and discussion of comments from the public. Those wishing to address the Pinal County Audit Committee need not request permission in advance. Action taken as a result of public comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration and decision at a later date.

- (2) Discussion/approval/disapproval of Minutes from February 24, 2023, Audit Committee Meeting.
- (3) Discussion/approval/disapproval of Internal Audit Charter.
- (4) Discussion/approval/disapproval of Audit Committee By-Laws.
- (5) Discussion/approval/disapproval of Audit Committee Charter.
- (6) Discussion/approval/disapproval of Talent Management Merit Rule Recruitment Review.
- (7) Discussion/approval/disapproval of Management Action Plan Follow-Up.
- (8) Discussion/approval/disapproval of Risk Assessment FY23.
- (9) Discussion/approval/disapproval of Internal Audit Plan FY24-26
- (10) Discussion and update on Silent Whistle.
- (11) Discussion of Board Members and/or Staff requests for future agenda item(s) to be presented at upcoming meetings.

ADJOURNMENT

**(SUPPORTING DOCUMENTS ARE AVAILABLE AT THE CLERK OF THE BOARD OF SUPERVISORS OFFICE.)**

NOTE: One or more members of the Committee may participate in this meeting by telephonic conference call.

The Committee may go into Executive Session for the purpose of obtaining legal advice from the County's Attorney(s) on any of the above agenda items pursuant to A.R.S. 38-431.03(A)(3).

In accordance with the requirement of Title II of the Americans with Disabilities Act (ADA), the Pinal County Internal Audit Committee do not discriminate against qualified individuals with disabilities admission to public meetings. If you need accommodation for a meeting, please contact the Clerk of the Board Office at (520) 866-6068, at least (3) three business days prior to the meeting (not including weekends or holidays) so that your request may be accommodated.

Meeting Notice of Posting



AGENDA ITEM

September 26, 2023 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

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**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:** AUDIT COMMITTEE

**Director:** AUDIT COMMITTEE

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**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Discussion/approval/disapproval of Minutes from February 24, 2023, Audit Committee Meeting.

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**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

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**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

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**MOTION:**

Approve as presented.

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History	Who	Approval
Time		

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**ATTACHMENTS:**

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# **PINAL COUNTY**

WIDE OPEN OPPORTUNITY

**PINAL COUNTY AUDIT COMMITTEE  
MINUTES  
Friday, February 24, 2023  
1:02 PM**

**INTERNAL AUDIT COMMITTEE MEMBERS**

**Matthew Busby  
Carl Dudding  
Brenda Hasler  
Angele Ozoemelum  
Todd Pryor**

**PINAL COUNTY ADMINISTRATIVE COMPLEX  
IRONWOOD CONFERENCE ROOM  
135 N. PINAL STREET  
FLORENCE, AZ 85132**

**Voting Member(s) Appearing via Web Conference and Telephonically:** Chair, Matt Busby; Vice- Chair, Todd Pryor; Brenda Hasler; Carl Dudding

**Voting Member(s) Absent:** Angele Ozoemelum

**Non-Voting Member(s) Present:** Chief Civil Deputy County Attorney, Chris Keller

**Non-Voting Member(s) Appearing via Web Conference and Telephonically:** Deputy County Manager, Himanshu Patel; Deputy County Manager, MaryEllen Sheppard; Budget and Finance Director, Angeline Woods

**Protiviti Representative(s) Appearing via Web Conference and Telephonically:** Jarret Judson; Renee Yacoub

**Staff Present:** Accounting and Reporting Manager, Randee Stinson; Deputy Clerk of the Board, Kelsey Pickard

**Staff Appearing via Web Conference and Telephonically:** Clerk of the Board, Natasha Kennedy

The Pinal County Audit Committee convened at 1:02 p.m. For the Record, Kelsey Pickard, Deputy Clerk of the Board conducted attendance by Roll Call, and announced Voting Member Angele Ozoemelum is absent, and Himanshu Patel has now joined via Web Conference and Telephonically. For the Record, at 1:06 p.m. Vice-Chair Todd Pryor joined via Web Conference and Telephonically.

- (1) Call to Public -  
Consideration and discussion of comments from the public. Those wishing to address the Pinal County Audit Committee need not request permission in advance. Action taken as a result of public comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration and decision at a later date.

Kelsey Pickard, Deputy Clerk of the Board, advised there is no one in attendance for Call to Public.

**Item Action: No Public Comment**

- (2) Discussion/approval/disapproval of Minutes from November 7, 2022, Audit Committee Meeting.

Chair Busby asked if any Committee Members or Staff had any questions or comments, there being none. Chair requested a motion.

**Item Action: Approved**

Motion Made By: Brenda Hasler

Seconded By: Carl Dudding

To approve Minutes from November 7, 2022, Audit Committee Meeting.

Motion Passed

Ayes: Hasler, Dudding, Busby (3)

Absent: Ozoemelum, Pryor (2)

- (3) Discussion and update of Internal Audit Plan.

Jarret Judson, Protiviti provided an update of the Internal Audit Plan.

Chair Busby asked if any Committee Members or Staff had any additional questions or comments, there being none.

**1:08 p.m.** – Natasha Kennedy, Clerk of the Board announced for the Record, at 1:06 p.m. Vice-Chair Todd Pryor joined via Web Conference and Telephonically.

**Item Action: Information Only**

- (4) Discussion/approval/disapproval of the Budgeting and Strategic Planning Audit. (Continued from the November 7, 2022, Committee Meeting, stated for the Record the Item Action was to Continue to February 6, 2023, however, due to lack of quorum, said meeting was cancelled)

Jarret Judson, Protiviti advised the full report is now available, the only change from the update provided at the November 7, 2022, Meeting is that the Strategic Plan was presented to the Board of Supervisors in January.

MaryEllen Sheppard, Deputy County Manager spoke regarding the feedback received from the Board of Supervisors and advised the Strategic Plan is currently being finalizing for publication on the county's website.

Chair Busby asked if any Committee Members or Staff had any questions or comments, there being none. Chair requested a motion.

**Item Action: Approved**

Motion Made By: Todd Pryor

Seconded By: Carl Dudding

To approve the Budgeting and Strategic Planning Audit.

Motion Passed

Ayes: Hasler, Dudding, Pryor, Busby (4)

Absent: Ozoemelum (1)

- (5) Discussion/approval/disapproval of Financial Audit Readiness Review.

Jarret Judson, Protiviti presented on the observations and recommendations.

Angeline Woods, Office of Budget and Finance Director, presented on management's progress and plan for implementation of recommendations.

Randee Stinson, Office of Budget and Finance, Accounting and Reporting Manager spoke regarding the general backend coding issues experienced in Enterprise One.

Chair Busby and Jarret Judson thanked Angeline Woods, Randee Stinson, and the Finance Team for their hard work.

**Item Action: Approved**

Motion Made By: Carl Dudding

Seconded By: Todd Pryor

To approve the Financial Audit Readiness Review.

Motion Passed

Ayes: Hasler, Dudding, Pryor, Busby (4)

Absent: Ozoemelum (1)

(6) Discussion/approval/disapproval of Merit Rule Assessment Scoping Memo.

Renee Yacoub, Protiviti presented on the Merit Rule Assessment.

Jarret Judson, Protiviti spoke regarding the current Merit Rules in place, looking at them from an operational perspective.

MaryEllen Sheppard, Deputy County Manager thanked Protiviti for their efforts, in terms of operations spoke regarding the obstacles to success, and reviewing best practices.

Discussion held regarding how to proceed by the following Committee Member and Staff; Chair Busby and Jarret Judson.

**Item Action: Approved**

Motion Made By: Todd Pryor

Seconded By: Carl Dudding

To approve the Merit Rule Assessment Scoping Memo.

Motion Passed

Ayes: Hasler, Dudding, Pryor, Busby (4)

Absent: Ozoemelum (1)

(7) Discussion and update of Business Impact Analysis (BIA), phase 2B.

Jarret Judson, Protiviti provided an update regarding the Business Impact Analysis.

Chair Busby inquired if this will be a routine item for updates.

Jarret Judson confirmed, and advised the goal is to finish this prior to the end of the fiscal year.

**Item Action: Information Only**

(8) Discussion and update on Silent Whistle.

Jarret Judson, Protiviti advised there have been no reports since the last meeting in November.

Chair Busby asked if any Committee Members or Staff had any questions or comments, there being none.

**Item Action: Information Only**

- (9) Discussion/approval/disapproval of the appointment of Vice-Chair of the Audit Committee effective March 8, 2023, through March 7, 2024.

Chair Busby nominated Todd Pryor for Vice-Chair, there being no additional nominations, Chair closed the nominations for Vice-Chair and called for a Motion.

**Item Action: Approved to Appoint Todd Pryor, as Vice-Chair**

Motion Made By: Carl Dudding

Seconded By: Brenda Hasler

To approve to Appoint Todd Pryor, as Vice-Chair of the Audit Committee effective March 8, 2023, through March 7, 2024.

Motion Passed

Ayes: Hasler, Dudding, Pryor, Busby (4)

Absent: Ozoemelum (1)

- (10) Discussion of Board Members and/or Staff requests for future agenda item(s) to be presented at upcoming meetings.

Member Dudding inquired regarding the Agenda Packet.

Kelsey Pickard, Deputy Clerk of the Board, directed Member Dudding to the County's website where the downloadable PDF is available.

**Item Action: Information Only**

**1:56 p.m.** – Chair Busby adjourned the February 24, 2023 Audit Committee Meeting.

**PINAL COUNTY AUDIT COMMITTEE**

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Matthew Busby, Chair

**ATTEST:**

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Natasha Kennedy, Clerk of the Board

Minutes Prepared By: Kelsey Pickard, Deputy Clerk of the Board

Approval of Minutes: September 26, 2023





AGENDA ITEM

September 26, 2023 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

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**Funds #:**

**Dept. #:**

**Dept. Name:** AUDIT COMMITTEE

**Director:** AUDIT COMMITTEE

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**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Discussion/approval/disapproval of Internal Audit Charter.

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**MOTION:**

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History	Who	Approval
Time		

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**ATTACHMENTS:**

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☐ [Internal Audit Charter](#)

# **Pinal County Internal Audit Charter**

## **Purpose**

Internal Audit is a professional, independent assurance and consulting function designed to add value and improve the County's operations and systems of internal controls. Internal Audit brings a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The Internal Audit Charter establishes the general authority and responsibility of the Office of Internal Audit.

## **Scope**

The scope of work of the Internal Auditor is to determine whether the organization's network of governance, risk management, and control processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- Actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Programs, plans and objectives are defined, communicated and achieved.
- Significant legislative and regulatory issues impacting the County are recognized and addressed appropriately.
- Quality and continuous improvement are fostered in the organization's control processes.

## **Authority**

The Internal Auditor is granted full, free, and unrestricted access to all County's functions, records, files, information systems, personnel, contractors, physical properties, and any other item relevant to the function, process, or department under review.

Documents and information presented to internal audit shall be handled in the same prudent and confidential manner as by those employees normally accountable for them. The internal audit shall be ultimately responsible for handling and safeguarding of any information deemed to be confidential under state or federal law.

## **Responsibility**

The Internal Auditor has the responsibility to:

- Review operations within the County at appropriate intervals to determine whether planning, organizing, directing and controlling are in accordance with management instructions, policies and procedures and in a manner that is consistent with both County objectives and high standards of administrative practices
- Determine the adequacy and effectiveness of the systems of internal accounting, financial and operating controls.
- Review established systems to ensure compliance with those policies, plans, procedures, laws and regulations which would have a significant impact on operations and determine whether the organization is in compliance

- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- Report to the appropriate management or those who should be informed or who should take corrective action, the results of audit examinations, the audit opinions formed, and the recommendations made.
- Foster collaboration and teamwork to support management's efforts to achieve the County's objectives by consulting with management regularly with respect to the status of all audit findings to ensure full awareness of any significant issues that arise.
- Evaluate any plans or actions taken to correct reported conditions and provide timely follow-up to ensure satisfactory disposition of audit findings in the manner and timeframe committed to by management in the original audit report. If the corrective action is considered unsatisfactory, hold further discussions to achieve acceptable disposition.
- As requested, provide consulting services, beyond assurance services, to assist the County in meeting its objectives.

## **Limitation of Authority and Responsibility**

Independence is essential for effective operation of the internal audit function. Internal audit activities shall remain free of influence by any organizational elements. This shall include such matters as scope of audit programs, the frequency and timing of audits, and the content of audit reports. Furthermore, the Internal Auditor has a responsibility to conduct themselves in good faith and integrity. Standards of professional behavior are based upon the Code of Ethics issued by the Institute of Internal Auditors.



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FLORENCE, ARIZONA

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**Director:** AUDIT COMMITTEE

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Discussion/approval/disapproval of Audit Committee By-Laws.

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**ATTACHMENTS:**

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☐ [Audit Committee By-Laws](#)

# Pinal County Audit Committee By-Laws

## **I. Committee Composition**

1. The membership of the Committee shall consist of five voting members and three non-voting members. The five voting members shall be appointed by the Board of Supervisors from other government entities within Pinal County with knowledge or experience in accounting, auditing, internal control and business management. The non-voting members shall be the County's Chief Financial Officer, the County Attorney, a Deputy County Manager, or their designees.
2. The Chairperson of the Audit Committee shall be appointed by a vote of the committee voting members and shall hold a two year term. The Chairperson shall act as a liaison between the Board of Supervisors and the internal auditor or consultant selected by the Board on audits and shall preside over the meetings, schedule and call meetings to order and for the vote on any item.
3. A Vice Chair shall be appointed by a vote of the voting members. The Vice Chair shall serve a one year term. The Vice Chair shall preside over the meetings in the Chairperson's absence.
4. Voting Committee members shall hold four year terms.
5. The Clerk of the Board of Supervisors or designee shall schedule, assist in agenda creation, posting, take and retain minutes of all meetings.

## **II. Meetings**

1. Meetings will be held quarterly or more frequently as needed and scheduled at the discretion of the Chairperson.
2. All committee members are expected to attend each meeting in person or via teleconference or video conference.
3. The committee may invite members of county management, elected offices or outside auditors/consultants to attend meetings and provide pertinent information as necessary.
4. All meetings shall be open to the public unless determined confidential by law.

## **III. Quorum**

1. A quorum shall be achieved when a majority of the voting members are present either in person or telephonically or by video conference.
2. Where the number of voting members present at a meeting but who are unable to participate due to a conflict of interest so that the remaining members are insufficient to constitute a quorum, such remaining voting members shall constitute a quorum provided such number is not less than two.
3. If during the course of a meeting, if a quorum is lost, the Chairperson may either recess, adjourn the meeting or continue to receive information on any item but shall not take action on any item until a quorum is re-established.

## **IV. Voting**

1. Proxy voting shall not be permitted
2. In the case of a tie vote on any item the item shall be deemed defeated.
3. A voting member shall not be excused from voting on an item unless the member claims a conflict of interest. A member claiming a conflict of interest shall not vote or engage in deliberation on such item. The failure to vote or a voluntary abstention shall be counted as an "aye" vote unless excused by a conflict of interest claim.
4. The chairperson shall be permitted to second any motion by another voting member.
5. A motion for reconsideration of an item may only be made on the date the vote was taken prior to the adjournment of the meeting and must be made by a voting member on the prevailing side.



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FLORENCE, ARIZONA

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**Director:** AUDIT COMMITTEE

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**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Discussion/approval/disapproval of Audit Committee Charter.

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**MOTION:**

---

History	Who	Approval
Time		

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**ATTACHMENTS:**

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☐ [Audit Committee Charter](#)

# **Pinal County Audit Committee Charter**

## **Purpose**

The Audit Committee's purpose is to assist and advise the Board of Supervisors in fulfilling its oversight for the financial reporting process, the established systems of internal controls, the audit process, and the County's process for monitoring compliance with laws, regulations, code of conduct, and silent whistle hotline.

## **Member Qualifications**

The Committee shall be comprised of members who collectively possess sufficient knowledge of accounting, auditing, internal control and business management. Committee members must have the ability to think objectively and independently, encourage accountability and transparency, and work cooperatively with management and Elected Officials to achieve improvements in County operations. It is important that members have an understanding of the County's mission, vision and values, while demonstrating a thoughtful approach to the ethical issues that may be faced. Members should have a professional approach to their duties, including an appropriate commitment of time and effort. Committee members must not have any material financial interest in the operations of the County.

Audit Committee members whom are designated as Department heads shall recuse themselves from audit activities within their department.

## **Committee Authority and Responsibilities**

The committee will carry out the following responsibilities:

1. Provide a line of communication between the Board of Supervisors and Internal Audit.
2. Inquire of County management and County Elected Officials about significant risks or exposures and provide insight into the steps management has taken to minimize such risks to the county.
3. Review the Annual Comprehensive Financial Report (ACFR) and the Single Audit.
4. Coordinate audit activities among audit resources, including external auditors, to reduce redundant efforts.
5. Review with Internal Audit and/or County Management:
  - a. Internal Audit Charter;
  - b. Annual risk assessment and audit plan, with an emphasis on significant changes;
  - c. The adequacy of the County's internal controls including computerized information system controls and security;
  - d. Scope of audits and completeness of coverage;
  - e. Significant audit findings during the year and management's responses, including management's plan of action to implement recommendations and timeline for completion;
  - f. Any obstacles imposed by management and staff during audits, including scope restrictions or access to required information or personnel.
6. Report Committee actions to the Board of Supervisors with such recommendations as the Committee may deem appropriate.
7. Review the Committee Charter and by-laws annually and seek the Board of Supervisor's approval on any recommended changes.
8. The Committee shall perform such other functions assigned by formal action of the Board of Supervisors.



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**Dept. Name:** AUDIT COMMITTEE

**Director:** AUDIT COMMITTEE

---

**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Discussion/approval/disapproval of Talent Management Merit Rule Recruitment Review.

---

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

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**MOTION:**

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|---|
| <input type="checkbox"/> <a href="#">Pinal County Talent Management - Merit Rule Recruitment Report DRAFT</a> |
| <input type="checkbox"/> <a href="#">Presentation</a>   |





**Internal Audit Report**  
**Pinal County**  
**Talent Management – Merit Rule Recruitment**  
**September 2023**

## Table of Contents

Background.....	3
Scope and Objectives.....	3
Areas of Strength.....	4
Summary of Results – Opportunities for Improvement .....	5
Detailed Improvement Opportunities and Action Plans.....	6
Appendix A: Pinal County Risk Ranking Definitions.....	13
Appendix B: Statement of Limitations.....	14

## **Executive Summary**

### **Background**

Pinal County Internal Audit performed a review of the County's talent acquisition process with an emphasis on the impact the Pinal County Merit Rules have on the ability of the County to effectively hire qualified candidates. In the past ten years, public sector organizations in Arizona have eliminated or modified their Merit Systems in consideration of the evolution of employment laws and in recognition of the need for talent acquisition processes that are more agile and responsive to the workforce, while preserving merit principles. In 2012, Arizona repealed the requirement of the merit rule system, and instead, moved towards an at-will system for County employees. Currently, Pinal County desires to explore opportunities to enhance its approach to recruitment and selection by assessing the impact and necessity of Merit Rules.

The purpose of the Merit Rules is to establish a system of talent acquisition administration that is based on merit principles and designed to ensure a competitive process that evaluates applicants on the basis of job-related knowledge, skills and abilities, and that there is no unlawful discrimination. While all departments within the County abide by the Pinal County Merit Rules, areas within the recruitment lifecycle, listed below, are managed by individual departments, with the support of Human Resources.

The Merit Rule recruitment process covers several functional areas as follows:

1. Preparation
2. Sourcing
3. Screening
4. Selecting
5. Hiring
6. Onboarding

Additionally, per the FY22 Risk Assessment, it was observed that job descriptions were outdated, the workforce had been stretched thin, resources were scarce, and access and production of meaningful data was difficult to perform. Additionally, the 2018 Human Resources Audit presented opportunities for improvement in the recruitment process.

### **Scope and Objectives**

#### **Objectives and Scope:**

The objectives of the review were to:

- Evaluate practices performed in consideration of merit rules, and the specific merit rules themselves, listed below, to determine their effectiveness towards the recruitment process,
  - Administration of Merit System
  - Pinal County Employees Merit System
  - Announcements, Selection Process, and Examinations
  - Application Files
  - Certification and Selection of Eligible Applicants
  - Appointments
- Understand and review Merit Rules around the recruitment processes for positions critical in delivering Pinal County services,
- Evaluate merit rules to determine their effectiveness towards the recruitment process,
- Obtain an understanding and evaluate the operational efficiencies of the processes related to recruiting for Merit Rule positions:
  - Department Structure
  - Benchmarking Procedures
  - Needs Identification and Rationalization
  - Job Description responsibilities
  - Job Posting
  - Candidate Interviews

## **Pinal County Talent Management – Merit Rule Recruitment Internal Audit Report**

- Applicant Selection
  - Onboarding
  - Monitoring and Reporting
- Evaluate procedures to ensure job description responsibilities and expectations are reviewed and periodically updated
- Assess the effectiveness of monitoring and reporting
- Identify improvement opportunities related to the efficiency and effectiveness of recruiting and monitoring controls for covered Merit Rule positions.

Law Enforcement Merit Rules will not be included in the scope of this review as they require a different set of standards.

### **Procedures Performed:**

Our review of the Talent Management processes followed the Pinal County Internal Audit Methodology. Accordingly, detailed procedures performed entailed:

- Determine a sample of departments, with the guidance and approval of County Management, to gain an understanding of how departments are approaching the recruitment process, in relation to the Merit Rules.
- Determine where the goals of the Merit System are being achieved and where the Rules, as written and/or as applied, may be deterring the County from meeting its goal to effectively fill positions based upon merit principles and relevant job related knowledge, skills and abilities.
- Gain an understanding of the current policies and procedures in place to conform to provisions in the Merit Rules relating to talent acquisition. Verify procedures in place to guide and monitor compliance with Federal and State regulations.
- Identify leading practices that could benefit the County's current recruitment policies and processes.
- Randomly select positions covered under Merit Rules and compare salaries with other counties of similar traits.
- Validate if monitoring and reporting procedures are in place to provide sufficient oversight.

### **Areas of Strength**

As part of the above documented procedures, Internal Audit noted the following strengths present among the Merit Rule Recruitment process.

- Department Heads have a positive outlook towards the Human Resources department and believe they are putting their best effort for the County.
- Department Heads are willing to put in significant effort to ensure they are finding the best candidate for the County.
- Human Resources has an appropriate vision for the County recruitment process and desire to build a reputation related to its employees that can set a successful path for the County for years to come.
- The County has developed data analytics and key performance indicators related to Human Resources; however, the resource dedicated to this task is no longer employed with the County.

## **Summary of Results – Opportunities for Improvement**

The following **opportunities for improvement** were observed during the review. Control and process improvement opportunities identified by Internal Audit are discussed more thoroughly in the Detailed Improvement Opportunities and Action Plans section that follows.

<b>No.</b>	<b>Opportunities for Improvement</b>	<b>Risk Ranking</b>
1.	Due to specific Merit Rules and County recruitment policies, the recruitment process can be time consuming for involved departments and applicants.	<b>Medium</b>
2.	County Merit Rules and County recruitment policies may be contributing to a widened or narrow applicant pool.	<b>Medium</b>
3.	Merit rules do not encompass robust content to ensure processes add the best value to the County.	<b>Medium</b>
4.	Job descriptions and pay structure may not possess a competitive edge against other surrounding counties and the job market.	<b>Medium</b>

\*Risk Ranking: Includes High, Medium, and Low. See Risk Ranking Definitions in Appendix A for further detail.

## Detailed Improvement Opportunities and Action Plans

No.	Improvement Opportunities	Risk Ranking*	Recommendations	Management Action Plan
1.	<p><b>Due to specific Merit Rules and County recruitment policies, the recruitment process can be time consuming for involved departments and applicants.</b></p> <p>Within the pre-interview process, hiring managers are required to interview the greater of 5 applicants or 10% of the applicant pool. In circumstances where the County or a department faces an influx of eligible applicants, designating a minimum number of applicants to interview may be necessary. Various department heads mentioned the extra effort to meet this requirement if an applicant exceeds qualifications compared to other candidates in the group. <i>[Merit Rule 6 - Certification and Selection of Eligible Applicants]</i></p> <p>In the pre-screening phase of recruitment, Human Resources is responsible for overseeing and managing applications that come into NEOgov (Insight Platform) and pre-screening those applications. Pre-screening involves review of the applicant's minimum qualifications, experience, and education.</p>	Medium	<p>While any screening process is inherently lengthy in nature, even with the assistance of technology, certain practices can be adopted to mitigate these challenges.</p> <ol style="list-style-type: none"> <li>Collaboration between Human Resources and Department Heads should occur on a more frequent basis. Prior to posting each requisition, Hiring Managers and HR should partner to: <ol style="list-style-type: none"> <li>Validate job descriptions and minimum qualifications are current and accurate</li> <li>Tier preferences for necessary certifications, acceptable certifications, and preferred qualifications.</li> <li></li> </ol> </li> <li>Evaluate if Merit Rules are necessary and the most efficient use of County resources. Consider if key attributes should be encompassed in established talent management policies and procedures.</li> </ol> <p>To expedite fulfillment of positions, , it is recommended to select at least three candidates (1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> preferences) to ensure a backup is available if the 1<sup>st</sup> candidate does not accept the offer letter.</p>	<p><b>Responsible Party:</b></p> <p><b>Expected Completion Date:</b></p> <p><b>Management Action Plan:</b></p>

**Pinal County Budgeting and Strategic Planning Review  
Internal Audit Report**

No.	Improvement Opportunities	Risk Ranking*	Recommendations	Management Action Plan
			<p>Human Resources and Department Heads should maintain a formal line of communication throughout the process to ensure feedback on applicants, interviewees, and the overall process is provided on a timely basis.</p> <p>The most significant piece to the interview process is the quality of questions asked of the interviewee, not the number of interviews or panel number. However, unique instances may benefit from utilizing panel interviews, and therefore, it is recommended that panel interviews are utilized in the following circumstances: First, it can serve as a developmental opportunity for employees who desire or may need exposure to interviewing skills. Second, positions that fall under a specific job classification and/or require unique certifications or specialized knowledge (e.g., Medical Director) Third, single-day coordinated interview to speed up the hiring process.</p>	
2.	<p><b>County Merit Rules and County recruitment policies may be contributing to a widened or narrow applicant pool.</b></p> <p>IA noted that department heads and HR are facing a restricted applicant pool which appears in different stages of the recruitment process.</p>	Medium	<p>While certain components of the pre-screening process will be manual in nature, certain practices can be adopted to mitigate the issue of passing along qualified/unqualified applicants.</p> <p>a. Collaboration between Human Resources and Department Heads</p>	<p><b>Responsible Party:</b></p> <p><b>Expected Completion Date:</b></p>

**Pinal County Budgeting and Strategic Planning Review  
Internal Audit Report**

No.	Improvement Opportunities	Risk Ranking*	Recommendations	Management Action Plan
	<p>Merit Rule 4 states that preference points be added during the pre-certification phase. Certification is defined in County policy as, the determination that an applicant meets the minimum requirements of position for which he/she applied and is eligible for referral to an Appointing Authority.</p> <p>County Policy 3.0 <i>Recruitment and Selection Process</i> requires minimum qualifications must be met to pass the pre-screening phase. IA noted in interviews that applicants may be rejected if they are a few months shy of the minimum number of years of experience despite meeting every other criterion.</p> <p>According to interviews with Department leaders, there have been instances where applicants have been pushed through the NEOgov portal to the OHC platform (NEOgov portal where Department Heads review and select applicants) who did not meet minimum qualifications or in other instances, met minimum qualifications and were not passed through to the OHC platform.</p> <p>IA noted from interviews that if applicants are seen as qualified, but not the most qualified, in the pre-screening or interview phase of the process, that information is not consistently retained. There appears to be a general misunderstanding by Department Heads about Merit Rule 6 - <i>Certification and Selection of Eligible Applicants</i>, which states that application files (such as resumes, applications, etc.) cannot be retained for more than 1 month (or an additional 90 days if extension applied).</p>		<p>should occur on a more frequent basis. Prior to posting requests, Hiring Managers and HR should discuss and determine the following:</p> <ul style="list-style-type: none"> <li>i. Necessary certifications</li> <li>ii. Acceptable certifications</li> <li>iii. Non-negotiable criteria (an applicant <i>cannot lack</i> or <i>must meet</i> a specific criteria)</li> <li>iv. Preferred qualifications</li> <li>v. Minimum years of experience or equivalencies</li> </ul> <p>A temporary solution to the issue of broad or restrictive job descriptions is encouraging hiring managers to specify their preferred qualifications within the requisition. These preferences must still be in alignment with the legal components of the job description but serve as supplemental information. Ensure this practice serves as temporary use until formal changes to job descriptions can be performed.</p> <p>To cultivate a strong applicant pool and lessen time spent on acquisition, with Legal guidance, enhance the usage of NEOgov's repository Resumes, notes, comments, termination notes, and other non-numerical attributes are various methods of securing information about</p>	<p><b>Management Action Plan:</b></p>



**Pinal County Budgeting and Strategic Planning Review  
Internal Audit Report**

No.	Improvement Opportunities	Risk Ranking*	Recommendations	Management Action Plan
			an applicants history that can be utilized for future use. Repositories are beneficial for both the pre and post screening phases of recruitment and content visibility can be controlled through user access.	
3.	<p><b>Merit rules do not encompass robust content to ensure processes add the best value to the County and may be conflicting.</b></p> <p>IA noted insufficient or generally missing information around the following areas:</p> <ol style="list-style-type: none"> <li>1. Comprehensive Behavioral Interview guide that aligns with the County Strategic Plan elements,</li> <li>2. Formal verification of certifications when screening candidates,</li> <li>3. Service Level Standards (parameters established to provide guidance on turnaround time (e.g., timeframe between selecting a candidate and offering the acceptance letter)),</li> <li>4. Specifications of 'staying in touch' regarding progress with candidates throughout the recruitment process,</li> <li>5. Policy requiring applicants to be phone screened prior to in person interviews.</li> <li>6. Merit Rule 6.7 indicates applicants must be interviewed; however, Merit Rule 4.3 indicates all applicants will be evaluated and scored using one or any combination of the following               <ol style="list-style-type: none"> <li>a. Oral Board interview;</li> <li>b. Written examination;</li> <li>c. Performance test or assessment center; and/or</li> <li>d. Training and experience.</li> </ol> </li> </ol>	<b>Medium</b>	<p>IA recommends the following policies/procedures should be adopted:</p> <ol style="list-style-type: none"> <li>1. Training - Training requirements for Hiring Managers that ensures an understanding of County policies and management responsibilities, including interview techniques and performance management. Additionally, remind individuals about the specifics of County policy - Wage and Salary Administration to ensure understanding of expectations.</li> <li>2. Interview Guide - HR should enhance The Hiring Manager's Guide... to include comprehensive behavioral questions that align with the County's Strategic Plan elements and review of NEOgov for any prior applicant notes.</li> <li>3. Phone Screen - Encourage Department HR Liaisons to conduct phone screening to ensure the applicant understands the job, the organization, pay scale, County culture, and whether the applicant is still interested or deemed a good fit after the discussion.</li> </ol>	<p><b>Responsible Party:</b></p> <p><b>Expected Completion Date:</b></p> <p><b>Management Action Plan:</b></p>

**Pinal County Budgeting and Strategic Planning Review  
Internal Audit Report**

No.	Improvement Opportunities	Risk Ranking*	Recommendations	Management Action Plan
			<ul style="list-style-type: none"> <li>4. Certification Verification - designate and require an individual to verify certifications prior to the offer letter phase.</li> <li>5. Communication - ensure candidates are updated on a weekly/bi-weekly basis to provide progress updates and what to expect next in the process. Ensure that communication does not decrease after the offer letter as they could have other job offers.</li> <li>6. Data Governance - gather data surrounding goals/benchmarks (e.g., time frame between job posting to first interview, first interview and hiring letter, etc.) to actively monitor the talent acquisition process</li> <li>7. Structure – reassess, align, consolidate, or compartmentalize (one topic per policy) policies. Restructure Merit Rules, if retained, and County Policy so that content is separated by the different phases of the recruitment process and ensure both are in alignment.</li> </ul>	
4.	<p><b>Job descriptions and pay structure may not possess a competitive edge against other surrounding counties and the job market.</b></p> <p>Many exit interviews and job offer decline reasons have pointed to low pay from various departments.</p>	<b>Medium</b>	Consider revising the language in County Policy 4.20 <i>Wage and Salary Administration</i> to clarify the documentation required and appropriate level of request/approval that is necessary to offer a salary greater than the 1 <sup>st</sup> quartile and/or	<p><b>Responsible Party:</b></p> <p><b>Expected Completion Date:</b></p>

**Pinal County Budgeting and Strategic Planning Review  
Internal Audit Report**

No.	Improvement Opportunities			Risk Ranking*	Recommendations	Management Action Plan	
	<p>Additionally, County Policy 4.20 <i>Wage and Salary Administration</i> allows Managers the mobility to offer starting pay within the 1<sup>st</sup> quartile of the salary. While this can be a positive attribute to the County, other rules and circumstances provide a roadblock in allowing Managers to offer pay within the higher end of the first quartile. The first roadblock is the wide range of pay offered for positions. Because pay increases typically happen in two scenarios (cost of living and new position) it could potentially take up to 10 years to surpass the 1<sup>st</sup> quartile of a pay range.If a manager desires to offer a candidate a starting payrate on the higher end of the 1<sup>st</sup> quartile, the chances of approval may be slim because current employees have most likely not reached that mark of the pay range yet, therefore, an internal equity would not be maintained as required by County Policy.</p> <p>IA performed an analysis by comparing the salary range of four positions between Pinal County and its competitive Counties (Maricopa County and Pima County). Based off the analysis, it appears that Pinal County offers a lower starting salary and pay range for some positions. Additionally, it was noted when performing this analysis that the salary ranges differ from the Class Compensation chart to the job postings. For example, the salary range under Accountant is listed as \$45 - \$52K on the job posting but has a range of \$45 - \$71K on the Class Compensation chart.</p>					<p>modify the salary range that a Hiring Manager may offer without additional approval.</p> <p>Support efforts to reduce salary ranges and/or have additional position levels, which would ultimately allow for employees to climb up the range faster and experience a more significant effect.</p> <p>Ensure that salary ranges for each job is consistent across the website and postings (e.g., between Class Compensation charts and Job Postings).</p> <p>Job descriptions should be treated as living documents that require revisions and reviews on an consistent basis, depending on the organizational needs. Require job descriptions and job classifications to be reviewed for minor updates (e.g. preferred qualifications) at minimum annually, by applicable departments and Human Resources. To ensure completeness and accuracy, department heads should initiate the revisions and be finalized/approved by HR.</p>	<b>Management Action Plan:</b>
	Title	Pinal	Maricopa	Pima			
	HR Director	\$114-\$193K	\$125-\$205K	\$94-\$186K			
	Env. Health Spec.	\$45-\$71K	\$50-\$80K	\$45-\$67K			

**Pinal County Budgeting and Strategic Planning Review  
Internal Audit Report**

No.	Improvement Opportunities				Risk Ranking*	Recommendations	Management Action Plan
	Accountant	\$45-\$71K	\$50-\$89K	\$53-\$80K			
	Admin Manager	\$53-83K	\$65-\$106K	\$60-\$89K			

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## Appendix A: Pinal County Risk Ranking Definitions

High	Medium	Low
Material impact on financial statements of the organization	Less than a material impact on financial statements	No impact on financial statements
Significant impact on the operating effectiveness	Moderate impact on operating effectiveness	Minor impact on operating effectiveness
Significant impact on the safeguarding of critical assets throughout the organization	Moderate impact on the safeguarding of critical assets	No significant risk to the organization
Significant impact on the accomplishment of the operational objectives for the organization	Moderate impact on the accomplishment of the operational objectives	Management relied upon for minor modifications to manage the issue
Significant impact on management's decision making for the organization	Moderate impact on management's decision making	Materiality is low
Significant risk for non-compliance with regulations, laws, and policies	Potential for non-compliance with regulations, laws, and policies	Minimal risk for non-compliance with regulations, laws, and policies
Significant risk for litigation for the organization	Potential risk for litigation	Low risk for litigation
Numerous occurrences of the noted issue	Random occurrences of the noted issue	Minimal occurrences of the noted issue
No controls or mitigation plans exist	Controls/ mitigation plans need to be updated and improved	Controls/ mitigation plans are in place and consistently applied
Significant impact/loss of staff, critical widespread impact on morale	Some impact on a few staff or negative impact on morale	Minimal impact on staff

## **Appendix B: Statement of Limitations**

This report (e.g., report of findings/recommendations, table, chart, summary) provides Pinal County management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel will significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

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# TALENT MANAGEMENT – MERIT RULE RECRUITMENT

# TALENT MANAGEMENT – MERIT RULE RECRUITMENT

## Summary Overview

Background	Objectives and Scope
<p>Pinal County Internal Audit performed a review of the County's talent acquisition process with an emphasis on the impact the Pinal County Merit Rules have on the ability of the County to effectively hire qualified candidates. In the past ten years, public sector organizations in Arizona have eliminated or modified their Merit Systems in consideration of the evolution of employment laws and in recognition of the need for talent acquisition processes that are more agile and responsive to the workforce, while preserving merit principles. In 2012, Arizona repealed the requirement of the merit rule system, and instead, moved towards an at-will system for County employees.</p> <p>While all departments within the County abide by the Pinal County Merit Rules, areas within the recruitment lifecycle, listed below, are managed by individual departments, with the support of Human Resources.</p> <ol style="list-style-type: none"> <li>1. Preparation</li> <li>2. Sourcing</li> <li>3. Screening</li> <li>4. Selecting</li> <li>5. Hiring</li> <li>6. Onboarding</li> </ol>	<ol style="list-style-type: none"> <li>1. Evaluate practices performed in consideration of merit rules, and the specific merit rules themselves, listed below, to determine their effectiveness towards the recruitment process,</li> <li>2. Understand and review Merit Rules around the recruitment processes for positions critical in delivering Pinal County services,</li> <li>3. Evaluate merit rules to determine their effectiveness towards the recruitment process,</li> <li>4. Obtain an understanding and evaluate the operational efficiencies of the processes related to recruiting for Merit Rule positions:</li> <li>5. Evaluate procedures to ensure job description responsibilities and expectations are reviewed and periodically updated,</li> <li>6. Assess the effectiveness of monitoring and reporting.</li> </ol> <p>Merit Rules observed:</p> <ul style="list-style-type: none"> <li>• 2.0 Administration of Merit System</li> <li>• 3.0 Pinal County Employees Merit System</li> <li>• 4.0 Announcements, Selection Process, and Examinations</li> <li>• 5.0 Application Files</li> <li>• 6.0 Certification and Selection of Eligible Applicants</li> <li>• 7.0 Appointments</li> </ul>



## TALENT MANAGEMENT – MERIT RULE RECRUITMENT (CONT'D)

### Summary Overview

Observations	Management Action Plans
<ol style="list-style-type: none"><li>1. Due to specific Merit Rules and County recruitment policies, the recruitment process can be time consuming for involved departments and applicants.</li><li>2. County Merit Rules and County recruitment policies may be contributing to a widened or narrow applicant pool.</li><li>3. Merit rules do not encompass robust content to ensure processes add the best value to the County.</li><li>4. Job descriptions and pay structure may not possess a competitive edge against other surrounding counties and the job market.</li></ol>	<ol style="list-style-type: none"><li>1.</li></ol>



AGENDA ITEM

September 26, 2023 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

---

**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:** AUDIT COMMITTEE

**Director:** AUDIT COMMITTEE

---

**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Discussion/approval/disapproval of Management Action Plan Follow-Up.

---

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

---

**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

---

**MOTION:**

---

History	Who	Approval
Time		

---

**ATTACHMENTS:**

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☐ [Presentation](#)



**Internal Audit Report**

**Pinal County**

**Follow-Up on Prior Audits**

**July 2023**

Contents

Executive Summary.....3

    Background.....3

    Scope, Objective and Approach .....3

    Summary of Results.....4

Open Observations.....5

Appendix A: Management Action Plans.....9

Appendix B: Statement of Limitations.....14

## Pinal County Follow-Up on Prior Audits Internal Audit Report

### Executive Summary

#### Background

On an annual basis, as outlined in the Internal Audit policies and procedures manual and tri-annual Audit Plan, Internal Audit is required to perform follow-up procedures on identified opportunities for improvement to ensure that agreed upon Management Action Plans have been appropriately implemented. Accordingly, the Pinal County Internal Audit has completed numerous audits over the years that have assessed compliance, evaluated the respective policies, procedures, and controls, and identified opportunities for improvement. For the annual follow-up for FY 2022-2023, Internal Audit performed follow-up procedures on eight (8) audits that have open observations. Of the eight audits selected, two audits were recently completed and have not fallen within scope previously and six audits were included that were previously reviewed as part of prior annual follow-up procedures. The summation of these audits and open observations are described below.

Audit Date	Audit Name	Prior Open Observations	*Current Open Observations
Feb 2023	Budgeting and Strategic Planning	2	2
Feb 2023	Financial Audit Readiness	2	2
Mar 2019	Vendor and Contract Management	2	0
Feb 2019	Human Resources	2	0
Nov 2018	Grant Management Review	8	0
Mar 2018	Fleet Services	5	0
Apr 2016	Countywide Travel Expense Review	3	3
Nov 2016	Elections Readiness	1	0
<b>Total</b>		<b>25</b>	<b>7</b>

#### Scope, Objective and Approach

##### Scope

The scope of the follow-up review included:

- All open audit observations from previously completed audits.

##### Objectives

The objectives of this follow-up review were to:

- Ascertain if prior audit observations have been addressed by County Management in conjunction with agreed upon Management Action Plans (MAPs).

## **Pinal County Follow-Up on Prior Audits Internal Audit Report**

- Assess the design and effectiveness of internal controls implemented by management to address previously identified improvement opportunities.
- Evaluate evidentiary supporting documentation obtained from process owners to verify that MAPs have been appropriately implemented and addressed the open observation.

### **Approach**

A summary of procedures performed during this internal audit included:

- Conducted process and internal control interviews around open observations for each process.
- Confirmed status of open observations with key personnel.
- Obtained evidentiary support, if applicable, to validate that open observations have been addressed in accordance with Management Action Plans.
- Established methods of addressing any open observations in a timely manner.

### **Summary of Results**

Overall, the procedures performed by Internal Audit to follow-up on prior audit observations has affirmed that:

- 18 of 25 observations have been addressed and are considered closed;
- 3 of 25 observations remain in progress and not considering closed; and,
- 4 of 25 observations remain in progress and are not yet due; therefore, will be included in the FY 2023-24 IA follow up procedures

Therefore, the current open observations consist of seven (7) observations in progress that were distributed amongst the following audits:

- Countywide Travel Expense
- Budgeting and Strategic Planning
- Financial Audit Readiness

Accordingly, 28% of the total previous open audit findings population were not resolved by Management as of the date of Internal Audit's review. Detailed information on Open Internal Audit observations are provided on pages 5 - 13 for reference.

## Pinal County Follow-Up on Prior Audits Internal Audit Report

### Open Observations

The following table outlines all open audit observations that have not been sufficiently remediated to date by Management. As a result, identified items will remain in the scope of the annual follow-up procedures until they are addressed, evaluated, and removed by Internal Audit in a subsequent assessment period.

#	Audit Name	Date Report Issued	Observation	Recommendation	2020 Status
1	Countywide Travel Expense	Apr 2016	Travel expenses are not consistently approved or appropriately documented. The travel policy sets out standards of practice, approval authorities and supporting documentation requirements for reimbursable expenses. Employee travel is documented on a Travel Expense Request Form, requiring pre- and post-trip approval from appropriate authorities. Employees attach receipts and other supporting documentation to support trip expenses and facilitate calculation of reimbursements.	Management should communicate to employee's reimbursement procedures. Prior to submitting travel related expenses to County Finance for reimbursement, employees are responsible for ensuring the Travel Expense Request Form is completed and includes supporting documentation. Additionally, the Travel Expense Request Form should be reviewed and signed by the appropriate approval authority. Upon receipt, Finance Department should verify appropriate approval, supporting documentation and compliance with travel policy. If form is not completed appropriately, properly supported or approved. Finance Department should not authorize reimbursement and return to the traveler for resolution.	<b>In Progress – 0% of MAPs Completed</b>  MAP #1 – In Progress  Refer to Appendix A for detailed MAP descriptions.
2	Countywide Travel Expense	Apr 2016	Travel Policy and Procedures should be updated to provide clear and consistent guidance. Based on review of the Travel Policy and Procedures and testing of 40 expense reports, Internal Audit noted the following: * For eight (8) of 40 samples selected, the Travel Expense Request Form was not completed or approved for an Elected Official * Departments have the authority to approve exceptions and travel card limits. * Procedures around required forms (pre-trip, expense request) and guidelines for travel advance payments are not well defined. * Approval Authority for Elected Officials is not explicit.	Management should review the Travel Policy and Procedure for opportunities to enhance clarification on requirements for Elected Officials.	<b>In Progress – 0% of MAPs Completed</b>  MAP #1 – In Progress  Refer to Appendix A for detailed MAP descriptions.

**Pinal County Follow-Up on Prior Audits  
Internal Audit Report**

#	Audit Name	Date Report Issued	Observation	Recommendation	2020 Status
3	Countywide Travel Expense	Apr 2016	<p>Opportunities exist to increase the accuracy and efficiency of recording travel expenditure transactions. In order for employees to be reimbursed for travel related expenditures, the designated department travel expense reconciler creates a payment request form and codes expenses to accounts. This form is submitted to the Finance Department for review of supporting documentation and accuracy of account coding. Based on inquiry and review of 40 expense reports, Internal Audit noted the following:</p> <ul style="list-style-type: none"> <li>* Four (4) Travel Expense Request Forms contained transactions that were recorded to an improper account.</li> <li>* County Finance manually inputs transaction data into the general ledger based on Travel Expense Request Forms</li> </ul>	<p>Management should develop guidelines for coding expenses to appropriate accounts and distribute to travelers and other affected personnel to increase awareness of proper accounting coding. Management should consider requiring departments to provide an Excel version of the Payment Request Form to the Finance Department. After data has been validated for accuracy of account codes and expense amounts, Accounting Clerk can copy and paste data which may reduce manual keying errors.</p>	<p><b>In Progress – 0% of MAPs Completed</b></p> <p>MAP #1 – In Progress</p> <p>Refer to Appendix A for detailed MAP descriptions.</p>
4	Budgeting and Strategic Planning	Feb 2023	<p>Policies and procedures do not capture all significant components of the budgeting process.</p> <p>Internal Audit noted that departments are required to complete and submit various forms to OMB as a part of the initial budgeting processes. Yet, there are no policies or procedures that define a timeline for approvals, reviews, and monitoring, and how OMB utilizes the information to create budgets and monitor individual departments over time.</p>	<p>Internal Audit recommends documenting policies and procedures surrounding processing forms. Consider the following areas to include in the policies and procedures:</p> <ul style="list-style-type: none"> <li>a. Methods OMB takes to ensure values submitted by departments are complete and accurate,</li> <li>b. Frequency of budget reviews,</li> <li>c. Timeline of approvals, reviews, follow ups, and monitoring,</li> <li>d. Timeline and guidelines for presenting budget reviews to the Board of Supervisors,</li> <li>e. Variables, including standard thresholds, which would trigger explanations and action items.</li> <li>f. Expectations for department heads regarding what will be monitored during reviews and what is considered good standing for budget-to-budget comparison.</li> <li>g. Alignment of the budget with the County strategic plan.</li> </ul>	<p><b>In Progress – 0% of MAPs Completed</b></p> <p>MAP #1 – In Progress</p> <p>Refer to Appendix A for detailed MAP descriptions.</p>



**Pinal County Follow-Up on Prior Audits  
Internal Audit Report**

#	Audit Name	Date Report Issued	Observation	Recommendation	2020 Status
5	Budgeting and Strategic Planning	Feb 2023	<p>The current budgeting process is manual in nature and requires multiple systems, resulting in extensive time on behalf of both the individual departments and the Office of Management and Budgeting (OMB).</p> <p>Internal Audit reviewed the following documents provided by the client:</p> <ol style="list-style-type: none"> <li>1. Budget Workbook</li> <li>2. General Fund Revenue Template</li> <li>3. Position Control Workbook</li> <li>4. Transfer Workbook</li> </ol> <p>It was noted that the forms listed above are required to be filled out within excel, following a second input of the same information into another system, E1. The information in E1 is directly taken out of the excel documents but only pertaining to the high-level values. Ultimately, this requires both OMB to review multiple documents across various systems and department heads to use extensive time in transferring information from one form to the next.</p>	Internal Audit recommends Pinal County explore establishing a centralized, systemic budgeting process within E1 to collect and store all necessary information, which will enhance monitoring of the budgeting process and minimize manual efforts of transferring information from one source to another.	<p><b>In Progress – 0% of MAPs Completed</b></p> <p>MAP #1 – In Progress</p> <p>Refer to Appendix A for detailed MAP descriptions.</p>

## Pinal County Follow-Up on Prior Audits Internal Audit Report

#	Audit Name	Date Report Issued	Observation	Recommendation	2020 Status
6	Financial Audit Readiness	Feb 2023	Internal Audit noted individual department reconciliations and journal entries (e.g., cash, grants, capital assets) are not always properly supported, coded, and/or performed on a timely basis, impacting the ability to close the financial statements in a complete, accurate, and timely manner.	<p>1.1 Provide training and education on Uniform Guidance, Schedule of Expenditures of Federal Awards (SEFA), and Single Audit requirements and potential implications of non-compliance, including restricted, suspended, or terminated funding.</p> <p>1.2 Enhance formal policies and procedures to provide comprehensive guidance, standardized templates, documentation requirements, and timelines.</p> <p>1.3 Expand the close checklist to include all requirements, associated prioritization, deadlines, accountabilities, and interdependencies then distribute to applicable departments. Consider collaborating with IT to automate monthly/quarterly reminders.</p> <p>1.4 Implement monitoring and reporting controls, including regular updates to the Board of Supervisors, to hold departments accountable, help identify trends / areas for improvement, and assess training needs in a timely manner.</p> <p>1.5 Periodically, perform an independent blind count and impairment evaluation of capital assets to confirm completeness and accuracy.</p> <p>1.6 Collaborate with IT to address Enterprise One general ledger backend coding issues.</p> <p>1.7 Consider temporary resources to address the backlog of reconciliations.</p>	<p><b>In Progress – 0% of MAPs Completed</b></p> <p>MAP #1 – In Progress MAP #2 – In Progress MAP #3 – In Progress MAP #4 – In Progress MAP #5 – In Progress MAP #6 – In Progress MAP #7 – In Progress</p> <p>Refer to Appendix A for detailed MAP descriptions.</p>
7	Financial Audit Readiness	Feb 2023	There is currently no formal succession and staffing plan within the Finance and Grant Departments.	<p>2.1 Identify critical positions, key competencies, and skills necessary for business continuity, and development of individuals to meet future business needs, then develop a strategic succession plan for key Grant Management and Finance personnel to reduce the risk of losing knowledge and potential funding.</p> <p>2.2 Develop a cross-training program related to Grant Management and Finance to ensure other County employees can assume procedures in the event of extended employee absence or turnover.</p>	<p><b>In Progress – 0% of MAPs Completed</b></p> <p>MAP #1 – In Progress MAP #2 – In Progress</p> <p>Refer to Appendix A for detailed MAP descriptions.</p>

## Pinal County Follow-Up on Prior Audits Internal Audit Report

### Appendix A: Management Action Plans

#	Audit Name	Observation	MAP Description
1	Countywide Travel Expense	Travel expenses are not consistently approved or appropriately documented. The travel policy sets out standards of practice, approval authorities and supporting documentation requirements for reimbursable expenses. Employee travel is documented on a Travel Expense Request Form, requiring pre- and post-trip approval from appropriate authorities. Employees attach receipts and other supporting documentation to support trip expenses and facilitate calculation of reimbursements.	<b>MAP #1</b> Due to turnover in Finance, the Countywide Travel Expense Review was not shared with the new director until the time of the 2023 review. The open items will be reviewed and a plan to address such items will be put into place during FY 23/24.
2	Countywide Travel Expense	Travel Policy and Procedures should be updated to provide clear and consistent guidance. Based on review of the Travel Policy and Procedures and testing of 40 expense reports, Internal Audit noted the following: * For eight (8) of 40 samples selected, the Travel Expense Request Form was not completed or approved for an Elected Official * Departments have the authority to approve exceptions and travel card limits. * Procedures around required forms (pre-trip, expense request) and guidelines for travel advance payments are not well defined. * Approval Authority for Elected Officials is not explicit.	<b>MAP #1</b> Due to turnover in Finance, the Countywide Travel Expense Review was not shared with the new director until the time of the 2023 review. The open items will be reviewed and a plan to address such items will be put into place during FY 23/24.
3	Countywide Travel Expense	Opportunities exist to increase the accuracy and efficiency of recording travel expenditure transactions. In order for employees to be reimbursed for travel related expenditures, the designated department travel expense reconciler creates a payment request form and codes expenses to accounts. This form is submitted to the Finance Department for review of supporting documentation and accuracy of account coding. Based on inquiry and review of 40 expense reports, Internal Audit noted the following: * Four (4) Travel Expense Request Forms contained transactions that were recorded to an improper account. * County Finance manually inputs transaction data into the general ledger based on Travel Expense Request Forms	<b>MAP #1</b> Due to turnover in Finance, the Countywide Travel Expense Review was not shared with the new director until the time of the 2023 review. The open items will be reviewed and a plan to address such items will be put into place during FY 23/24.
4	Budgeting and Strategic Planning	Policies and procedures do not capture all significant components of the budgeting process.  Internal Audit noted that departments are required to complete and submit various forms to OMB as a part of the initial budgeting processes. Yet, there are no policies or procedures that define a timeline for approvals, reviews, and monitoring, and how OMB utilizes the information to create budgets and monitor individual departments over time.	<b>MAP #1</b> A Budget Policies and Procedures Manual will be developed and memorialized in the Office of Budget and Finance. The Manual will define the roles and responsibilities of the central Budget Office, Elected Offices, and appointed departments, including expectations for all parties regarding approvals, monitoring, and standard thresholds.
5	Budgeting and Strategic Planning	The current budgeting process is manual in nature and requires multiple systems, resulting in extensive time on behalf of both the individual departments and the Office of Management and Budgeting (OMB).  Internal Audit reviewed the following documents provided by the client: 1. Budget Workbook 2. General Fund Revenue Template 3. Position Control Workbook 4. Transfer Workbook  It was noted that the forms listed above are required to be filled out within excel, following a second input of the same information into another system, E1. The information in E1 is directly taken out of the excel documents but only pertaining	<b>MAP #1</b> The ERP Steering Committee has prioritized position control for FY 23/24. This will reduce the manual efforts of monitoring the budget vs. actual by position once implemented. Implementation to begin August-September.

**Pinal County Follow-Up on Prior Audits  
Internal Audit Report**

#	Audit Name	Observation	MAP Description
		to the high-level values. Ultimately, this requires both OMB to review multiple documents across various systems and department heads to use extensive time in transferring information from one form to the next.	
6	Financial Audit Readiness	Internal Audit noted individual department reconciliations and journal entries (e.g., cash, grants, capital assets) are not always properly supported, coded, and/or performed on a timely basis, impacting the ability to close the financial statements in a complete, accurate, and timely manner.	<p><b>MAP #1</b> SEFA training occurred on 6/15/2023.</p> <p>The Grants division in the Office of Budget and Finance holds training sessions throughout the fiscal year and invites departmental staff who would most benefit from the information being provided. These trainings have covered the topics recommended by Internal Audit. A library of past training videos and slides are available on the Pinal County Office of Budget and Finance Intranet page. Management will continue to provide training opportunities on an ongoing basis.</p> <p>Management will explore options to ensure new accounting staff complete required trainings on Uniform Guidance, Schedule of Expenditures of Federal Awards (SEFA), and Single Audit requirements are trained upon hire before December 31, 2023.</p> <p><b>MAP #2</b> Update of Pinal County Policy 8.20 – Alternative Funds/Grants occurred on August 26, 2020. This policy serves as the framework for Departments/Divisions/Elected Officials/Special Districts (“Departments”) to follow when applying for alternative funding, when negotiating the terms and conditions of attendant agreements/contracts and when executing the terms and conditions of such agreements/contracts. The policy sets the requirements for procedures and documentation requirements for all alternative funds.</p> <p>In addition, the Office of Budget and Finance has created a Grants Manager position to provide comprehensive guidance and training to departments. The Grants Manager and grant accounting team meet with departments on a monthly basis to provide guidance, discuss documentation and get updates on progress of grant reporting and accounting.</p> <p>Pinal County Policy and Procedure 8.8 establishes policies and procedures governing capital asset activities for Elected Officials, Special Districts and employees in Pinal County will ensure consistent management of all capital asset activity. This policy has been in place since July 1, 2009. There was a training held on November 29, 2022, that covered this policy and procedures in which capital assets are acquired, recorded, depreciated, and disposed of. The capital asset change report has recently been updated to standardize all transactions. It is acknowledged that since Policy 8.8 has not formally been reviewed or updated since 2009, management will prioritize and update the policy within the next year.</p> <p>Staff have been focused on training and educating departments/areas that have the most issues or least amount of accounting/reconciliation expertise to aid in the timeliness of our Annual Comprehensive Financial</p>

**Pinal County Follow-Up on Prior Audits  
Internal Audit Report**

#	Audit Name	Observation	MAP Description
			<p>Report (ACFR). It is anticipated to complete the (ACFR) closer to the statutory deadline this fiscal year, allowing for staff to focus on standardized monthly monitoring of the accounting record, standardized procedures and templates for reconciliation, and enhancing formal policies and procedures to ensure timelines are met before the next financial reporting and audit period begins. However, with the limited number of employees and limited knowledge of existing staff, completing this recommendation will be gradual and may take several financial cycles to complete. It is management's expectation that progress is made continuously until complete.</p> <p><b>MAP #3</b> End of year training which included setting expectations, timelines, priorities, etc. occurred on 6/1/2023.</p> <p>Closing and yearend check lists have been complete for several years and the grants team currently sends out monthly reminders for monthly reconciliations and journal entries. Management will implement updates to these checklists to include monthly &amp; annual requirements to help us focus on associated prioritization, deadlines, accountabilities and interdependencies before the fiscal 2022- 2023 yearend close begins.</p> <p>Internally, the Office of Budget and Finance will explore, publish and implement closing procedures that are comprehensive, this will include all modules utilized in the ERP system. Due to the complexity of this task, management will focus on each module separately and will come up with a reasonable timeline for completion.</p> <p><b>MAP #4</b> An effort to monitor, hold departments accountable and ensure the Schedule of Expenditures of Federal Awards (SEFA) was completed timely, during fiscal year 2021- 2022, the Grants accounting team began to send monthly email reminders and kept a monthly log of those grants that had submitted documents and completed monthly reconciliations. This helped to make departments aware of their responsibilities. After the end of year deadline for completion of SEFA documentation had passed, we did some one-on-one contact with departments that continued to have incomplete reconciliation or had not submitted SEFA documentation. Those departments received one-on-one training and assistance to close out the year.</p> <p>Management acknowledges that implementation of further monitoring and reporting controls needs to take place. However, as previously stated, staff have been focused on completion of the Annual Comprehensive Financial Report (ACFR). The plan is to focus on the further implementing procedures for monitoring and reporting controls once the fiscal year 2021 -2022 financial audits are complete.</p> <p>Management will consult with the County Management team before June 30, 2023, to determine the timeline and level of involvement with the</p>

**Pinal County Follow-Up on Prior Audits  
Internal Audit Report**

#	Audit Name	Observation	MAP Description
			<p>Board of Supervisors. Once that is determined, we will implement a plan of communication.</p> <p><b><u>MAP #5</u></b> Management will explore options for performing an independent blind count and impairment evaluation of capital assets over the next twelve months. Given the number of assets, the number of locations assets are stored or located at and number of departments that will need to coordinate with the capital asset accountant, this task might take a substantial amount of time and effort to complete. In exploration of the options, we will need to identify the ability to complete this recommendation with the existing staff.</p> <p><b><u>MAP #6</u></b> The Office of Budget and Finance and the ERP team have been working on the general ledger backend coding issues and will identify a solution by 12/31/2023.</p> <p><b><u>MAP #7</u></b> Management will explore options to address the backlog of reconciliations to include consideration of temporary resources. Currently, management is in the process of evaluating the job duties, classifications and workload to ensure the proper level of expertise and number of employees are assigned to the work.</p>
7	Financial Audit Readiness	There is currently no formal succession and staffing plan within the Finance and Grant Departments.	<p><b><u>MAP #1</u></b> FY 23/24 budget request included funding for critical positions. These positions must be filled before further progress can be made.</p> <p>The Finance and Grant Management processes have historically been completed centrally. Management has identified that this style of management has adversely impacted the ability to respond to and act upon any changes that need to take place. Management is shifting the work to a hybrid structure in which more responsibility for accounting and reconciliation will lie with the accounting staff at a department level. The Office of Budget and Finance will be responsible for oversight, review, compliance and education duties.</p> <p>Management is in the process of educating and evaluating departments to ensure that we have positioned them to take on the responsibilities for accounting activities that cannot be sustained in a central office. Shifting the less complex work to the department level will allow the Office of Budget and Finance to focus on the more complex accounting and reporting functions. As stated previously, management is currently in the process of evaluating the job duties, classifications and workload to ensure the proper level of expertise and number of employees are assigned to the work.</p> <p><b><u>MAP #2</u></b> Historically, the Office of Budget and Finance only had one accountant assigned to grant management. In fiscal year, 2022-2023 three grant</p>

**Pinal County Follow-Up on Prior Audits  
Internal Audit Report**

#	Audit Name	Observation	MAP Description
			<p>accounting positions were funded to assist in reconciliation and to add resiliency in that division. Management had been unsuccessful in filling all three positions concurrently. Recently, there has been a classification and grade change. We hope this change will attract candidates that are experienced and well positioned to fulfill the duties for grant management. Management hopes to have these positions filled before June 30, 2023.</p> <p>In the meantime, staff have been focused on training and educating departments/areas that have the most issues or least amount of accounting/reconciliation expertise to aid in the timeliness of our Annual Comprehensive Financial Report (ACFR). It is anticipated to complete the (ACFR) closer to the statutory deadline this fiscal year, the department leadership will identify positions that can cross-train so that there is sufficient backup to cover when an employee is absent an extended period of time or if employee turnover occurs. Management expects the cross-training between the grant accountants and the finance accountants to be ongoing because of natural attrition that occurs.</p>

## **Appendix B: Statement of Limitations**

This report (e.g., report of findings/recommendations, table, chart, summary) provides Pinal County management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel will significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.



# MANAGEMENT ACTION PLAN FOLLOW-UP

## MANAGEMENT ACTION PLAN FOLLOW-UP

Audit Date	Audit Name	Prior Open Observations	*Current Open Observations	Audit Date
Feb 2023	Budgeting and Strategic Planning	2	2	Feb 2023
Feb 2023	Financial Audit Readiness	2	2	Feb 2023
Mar 2019	Vendor and Contract Management	2	0	Mar 2019
Feb 2019	Human Resources	2	0	Feb 2019
Nov 2018	Grant Management Review	8	0	Nov 2018
Mar 2018	Fleet Services	5	0	Mar 2018
Apr 2016	Countywide Travel Expense Review	3	3	Apr 2016
Nov 2016	Elections Readiness	1	0	Nov 2016
Total		25	7	Total



AGENDA ITEM

September 26, 2023 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

---

**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:** AUDIT COMMITTEE

**Director:** AUDIT COMMITTEE

---

**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Discussion/approval/disapproval of Risk Assessment FY23.

---

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

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**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

---

**MOTION:**

---

History	Who	Approval
Time		

---

**ATTACHMENTS:**

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☐ [Internal Audit Risk Assessment FY23](#)

☐ [Presentation](#)



# Risk Assessment and Internal Audit Plan

July 2023



**Date:** July 30, 2023

**To:** Supervisor Kevin Cavanaugh, District 1  
Supervisor Mike Goodman, District 2  
Supervisor Steve Miller, District 3  
Supervisor Jeffrey McClure, District 4 – Vice Chairman  
Supervisor Jeff Serdy, District 5 – Chairman

**From:** Office of Internal Audit

**Subject:** Risk Assessment and Audit Plan: FY 2024 - 2026

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The attached report summarizes the Risk Assessment and Audit Plan proposed by the Office of Internal Audit for Fiscal Years 2024-2026. The basis of the Audit Plan was developed by considering the previous approved risk assessment and audit plan, results of audits completed since the previous audit plan was approved, and the results from the recent risk assessment process performed.

This document serves as the primary work plan to carry out the responsibilities of the Office of Internal Audit. This plan is not intended to be static or unchangeable. Changes in conditions, emerging risks, or special requests may require alterations to the plan. Any significant changes to the plan will be proposed to the Audit Committee and Board of Supervisors.

We look forward to working with the members of the Board of Supervisors and all county departments to minimize the County's risk exposure.

Sincerely,

Eric Groen, Internal Audit  
Matt Busby, Audit Committee Chair

# Table of Content

I.	<b>Introduction .....</b>	<b>3</b>
II.	<b>Risk Assessment.....</b>	<b>4</b>
III.	<b>Top 10 Risks Identified .....</b>	<b>5</b>
IV.	<b>Key Themes and Feedback .....</b>	<b>6</b>
V.	<b>Audit Plan.....</b>	<b>8</b>
VI.	<b>Appendix A – Audit Universe .....</b>	<b>11</b>
VII.	<b>Appendix B – Survey and Interview Participants.....</b>	<b>12</b>
VIII.	<b>Appendix C – Previous Audits .....</b>	<b>14</b>

# Introduction

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve County operations. Internal Audit assists an organization achieve its strategic objectives by providing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes.

The Pinal County Office of Internal Audit, established in January 2008, is responsible for the countywide assessment of financial and operational risks and the identification of areas in need of review based on various risk factors. Internal Audit assists the County Board of Supervisors, county officials, and county management, by providing an unbiased, independent review and analysis of policies, procedures and/or practices. Additionally, Internal Audit assists in the management of reports made to the fraud hotline, which was established to provide employees and members of the public an anonymous means to report fraud, waste, and abuse, including known or suspected unethical, unlawful, or unsafe activities.

Government Auditing Standards and the Institute of Internal Auditor's Standards encourage audit departments to establish a risk-based approach to determine the priorities for audit activities. A risk assessment is a systematic process to evaluate, identify, and prioritize potential audits based on the level of risk to Pinal County.

## Audit Planning Process

The Pinal County Office of Internal Audit utilizes a risk-based approach to develop its annual audits plans that is aligned with the standards set forth by the Institute of Internal Auditors (IIA). Refer to the visual below to view a graphical overview of the Risk Assessment and Planning process utilized in the current audit planning iteration.



### Identify Audit Universe

We establish the audit universe at the beginning of our relationship with the organization. We review and amend it annually and as needed throughout the year to accurately reflect any significant changes in the organization.

### Risk Rank Audit Units

After the audit universe has been identified, we prioritize risks for the auditable units considering the organization's history of any problems and issues.

### Identify Business Risks

We work with management to gain an understanding of the unique risks facing their business. In addition, we understand the goals and objectives of the organization in order to align the annual internal audit plan to support those goals and objectives.

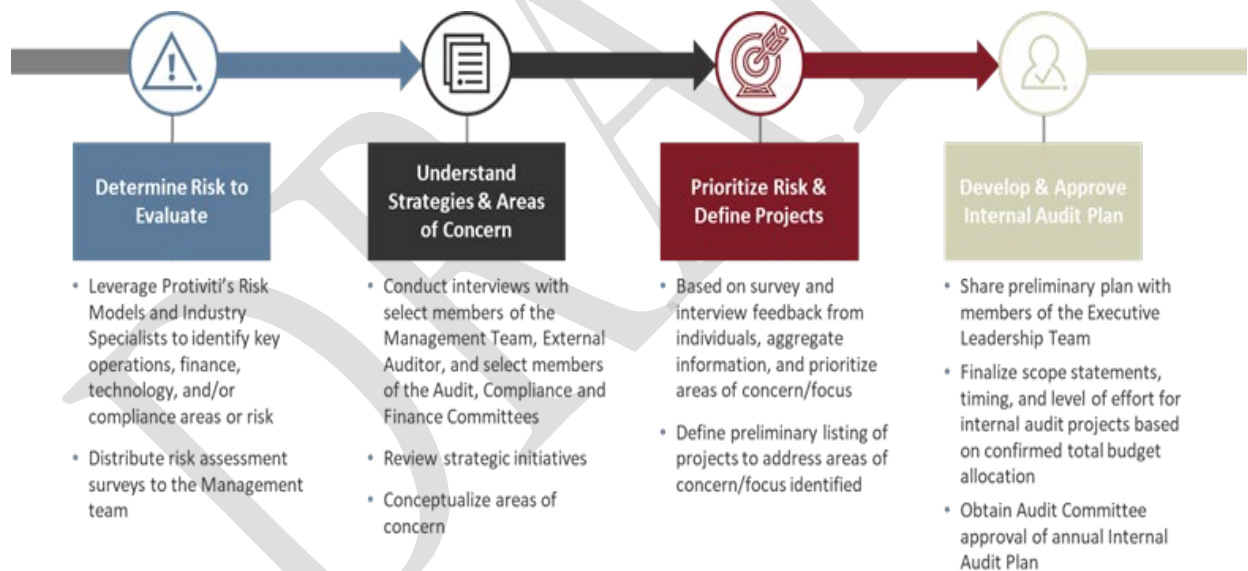
# Risk Assessment

To identify and understand current emerging risk areas, Internal Audit distributed a survey and questionnaire to County leaders for feedback and input on select risk categories. The survey contained a list of over 40 risk areas, and participants were charged with ranking their top 15 biggest threats/risks to Pinal County. As surveys were collected for review, Internal Audit calculated the ranking of each risk, through a likelihood and impact analysis, that resulted in a prioritized list of risks to Pinal County. Internal Audit subsequently utilized the County's "Top Risks" listing as the source of discussions during interviews with County leaders (Appendix B contains a list of survey and interview participants).

Upon conclusion of the survey procedures, Internal Audit conducted interviews with 13 individuals including the Board of Supervisors, members of County Management, and select Elected Officials and Department Heads. The information gathered from the interviews was utilized, in addition to the "Top Risks" list, to develop the Internal Audit Risk Assessment and Audit Plan.

Additionally, Internal Audit reviewed the County's financial statements and forecasted budget information, along with Pinal County's most recent Single Audit Report, to understand and identify the financial impacts of identified risk areas.

## Risk Assessment Approach





# Top 10 Risks Identified

Risk arises when there are internal and external forces that could affect the fundamentals that drive the county's objectives, strategies and values in the services provided to the County's citizens. Future changes in environmental factors and actions by personnel that cannot be anticipated may significantly and adversely impact risk exposure. The definitions below are general descriptions of the types of activities that are encompassed in the associated risk category and are for guidance purposes only. All activities defined in the definitions may or may not currently exist.

As such, the Pinal County Risk Assessment Survey / Questionnaire that was distributed to participants contained over 40 risks and multiple open-ended questions. Within the survey, participants were required to choose up to 15 risks, followed by a subsequent ranking on its likelihood of occurrence and impact to the County. When calculating Pinal County's overall Top 10 Risks, IA calculated the weighted rankings of the impact and likelihood for each risk selected amongst all survey respondents.

#	Risk Description	Risk Category
1	Inability to recruit, develop, and on-board employees with skillsets aligned to the County's needs.	Talent - Sourcing
2	The risk of turnover, loss of institutional knowledge, or insufficient assessment and planning for key roles.	Succession Planning
3	The County does not provide performance incentives within the organizational structure to promote high morale amongst personnel or to reward desirable behaviors.	Performance Incentives
4	Failure to foster a positive work atmosphere to promote engagement, showing appreciation, and provide competitive pay and benefits to reduce turnover.	Talent - Retention
5	Resistance to change may restrict the organization from making necessary adjustments to the business model and core operations.	Organizational Brand
6	Changes in overall work environment (e.g., shifts to a hybrid workplace, evolving labor markets, changes in the nature of work) may lead to challenges to sustaining organizational culture and business operations.	Culture
7	The structural design of the County systems does not meet current and future County needs.	System Architecture
8	Resources allocated to processes are insufficient, inefficient, or ineffective to meet County objectives.	Resource Allocation
9	Business process design and / or execution failure, resulting in the inability to complete activities in line with stated process objectives in an effective and efficient manner, often due to human error or restraints.	Transaction processing
10	The County's short and long-term planning process does not support or is not aligned with the financial and operational vision, strategy, growth, or resource needs.	Budgeting & Planning

# Key Themes and Feedback

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Several key themes and feedback emerged as a result of the survey analysis and interviews with County leaders and management. The following list, represents a summary of key themes and positive feedback that were noted during the interview portion of the Risk Assessment:

## Positive Trends and Feedback

- IA noted that County members acknowledge the fast-approaching growth facing the County and are optimistic of the opportunities the growth will bring (i.e., population, industrial and electric car company attraction, land development, etc.).
- County employees appear generally familiar with the County's code of conduct and feel empowered to report compliance issues and/or violations to their supervisor or Human Resources representative.
- Significant strides have been made by the IT staff in developing and enhancing the County's website to ensure ease of access to information for the public.

## Key Theme - IT Infrastructure

- The County is currently evaluating a new ERP system
- Concerns about the level of industry specific knowledge leaving the County with the departure of certain Management.
- The alignment of funding received for IT initiatives appears to be inferior to the current growth approaching the County.

## Key Theme – Data Governance

- The Board of Supervisors and County Management desire more access to meaningful data to understand the current standing of departments, progress, opportunities for improvement, and more.
- The County does not have a standard requirement for departments to gather specific data and perform analysis.
- There is minimal use of data and analysis across the County.

## Key Theme – Elections Process

- Many County members voiced their concern about the upcoming election and want to ensure minimal to no risks are identified.
- Policies and procedures may not be comprehensive enough to provide appropriate guidance.

## Key Theme – Capital Projects

- The County can be reactionary to the level and pace of growth approaching the County.
- The development of roads, homes, and other infrastructure needs to encompass more planning to ensure it aligns with current needs, budgeting, and projected growth.
- Capital infrastructure projects sometimes go unfinished, are planned as the projects unfold, and/or are built in pre-existing infrastructure that does not allow for proper utilization.

## Key Theme – Total Compensation

- Due to non-competitive pay in certain positions, the County may attract subpar level skillset amongst applicants and cannot retain professional/specialized personnel.
- Pay increases and/or revisions to the job classification happens on an ad hoc basis which places the County in a position of 'catching up' to other leading or competitive Counties.

#### Key Theme – Constituent Accessibility / Communication

- Communication from both internal and external methods are not as robust and efficient as it could be.
- The County could utilize more satellite offices to provide services for constituents, rather than requiring constituents to drive lengthy distances to attain documents (e.g., permits).

#### Key Theme – Succession Planning

- Depth of knowledge within departments may be lacking
- There is no County-wide succession planning standard
- Promoted managers do not know how to manage and need training.

DRAFT

# Audit Plan

The Audit Plan summarizes the audits and projects the Office of Internal Audit anticipates completing during the forthcoming fiscal years. It is important to note the Audit Plan is a working document that should be flexible in addressing current priorities in a changing environment. The Board of Supervisors will be notified of any significant additions, deletions, or other changes in the Audit Plan prior to any modification.

The Audit Plan includes audits related to internal controls; compliance with laws, policies, and regulations; and economic and efficient use of resources. Audits included in the plan were primarily identified through the Countywide Risk Assessment that aided in the identification of departments or functions with significant financial, operational, and/or compliance risks. Internal Audit also considered concerns shared by the Board of Supervisors and County Management; as well as issues identified in reports to the Silent Whistle hotline.

While general audit objectives are included in the plan, specific audit objectives will be determined upon completion of preliminary scoping related to each audit. During the preliminary scoping, Internal Audit will establish familiarity with the department and/or function by conducting background interviews and research. At that time, potential issues will be identified, and the specific audit objectives and methodology will be developed. Estimated audit hours for each project will be determined through preliminary scoping results.

## Proposed Audits

The table below depicts proposed FY 2024-2026 Internal Audit activities, estimated timing, and focus area (Compliance, Operational, Financial, Information Technology Related) discussed and validated through the risk assessment process.

Ranking	Risk Focus	FY 2024-2026 Proposed Audits	Estimated Timing
1	IT	ERP Assistance	TBD
2	Operational	Elections 3rd Party Follow Up	2024 Q2
3	IT/Operational	Data Governance Audit	2024 Q3
4	Operational	Community Development 3rd Party Follow Up	2024 Q4
5	Operational	Constituent Relations and Service Delivery Model	2025 Q1
6	Various	Mid Cycle Risk Assessment Update	2025 Q2
7	Operational	Capital Projects Review	2025 Q3
8	IT	Business Impact Analysis (BIA) follow up	TBD
9	Operational	County-wide Succession Planning Governance	2026 Q2
10	Operational	Fleet Services Monitoring	2026 Q3
11	Various	Full Risk Assessment	2026 Q4
12	Various	Prior Year Audits Follow-Up / Ad Hoc Audit Request	2024 - 26 Q4

*\*Note: "Proposed Audits" were developed using the procedures performed during this year's Risk Assessment (June 2023).*

## Proposed Audit Scopes

Audit	Preliminary Audit Scope
ERP Assistance	TBD – pending County needs during the ERP selection and implementation processes.
Data Governance	Evaluate the data governance framework, data quality, approach for maintaining data flow, monitoring and reporting over the data lifecycle of critical information, and related roles and responsibilities with respect to data governance and data quality.
Elections 3rd Party Follow Up	Follow up on prior 3rd Party review of Elections processes to assess current state and progress made.
Community Development 3rd Party Follow Up	Follow up on prior 3rd Party review of Community Development processes to assess current state and progress made.
Constituent Relations and Service Delivery Model	Obtain and review the County's Public Relations department policies and procedures, evaluate consistency of messaging across all communications functions (brochures and tradeshow materials, social media channels, advertising campaigns, radio and video communications), evaluate the long-term vision of the communications and marketing department to identify integration opportunities, and review accessibility of County's services to understand the current impact they have on the constituents.
Mid Cycle Risk Assessment Update	Mid-cycle risk assessment to determine whether the 3-year audit plan requires updates based on the County's standing and/or other pertinent current events.
Capital Projects Review	Assess the current state of the capital projects program, including Program Governance; Policies, Standards, Procedures; Contract Development, Adherence and Management; Vendor Risk Assessment Process; Knowledge, Skills and Expertise; Communication and Information Sharing; Tools, Measurement and Analysis; and Monitoring and Review.
Business Impact Analysis (BIA) follow up	Evaluate the progress made towards previous BIA Audits and their respective recommendations. Additionally, assess areas that may require additional assistance or guidance necessary to follow through with Internal Audit's recommendations.
County-wide Succession Planning Governance	Evaluate policies, procedures, and tools available to provide succession plan guidance to individual departments, including identifying critical positions, key competencies, and skills necessary for business continuity, and development of individuals to meet future business needs. Review key departments, as agreed upon with County Management, to understand efforts being made to establish succession planning within each department.
Fleet Services Monitoring	Evaluate current fleet inventory monitoring procedures to understand how fleet pools are managed, including, but not limited to, fleet size determination, usage, safety management, etc.

Audit	Preliminary Audit Scope
Full Risk Assessment	Internal Audit will perform a full-cycle risk assessment following the end of the three-year period from the prior full-cycle risk assessment. Internal Audit will interview various personnel within the County and collect surveys to understand and assess the potential risks facing the County.
Prior Year Audits Follow-Up / Ad Hoc Audit Request	Internal Audit will review progress made by County personnel on implementing agreed upon action plans to address prior IA observations, assess the adequacy of Management actions taken in relation to agree upon Management Action Plans (MAPs), and report on progress to County Management and the County Board of Supervisors.

# Appendix A – Audit Universe

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## Countywide Audit Areas

Accounts Payable  
Accounts Receivable  
Business Impact Analysis  
Cash  
Data Privacy and Security  
Expenditures  
Grants Management

IT - ERP Review  
IT – Disaster Recovery  
IT - NIST Cybersecurity Framework  
Payroll  
Procurement/Purchasing  
Revenues - Grants  
Travel and Expense

## Departmental Audit Areas

Administrative Services  
Adult Probation  
Air Quality - Compliance & Enforcement  
Air Quality - IT Systems  
Air Quality - Permitting  
Animal Care and Control - Other Activities  
Assessor - Administration/Records  
Assessor - IT Systems  
Assessor - Personal Property  
Assessor - Real Property  
Board of Supervisors  
Budget & Research - IT Systems  
Civil Hearing Office  
Clerk of Court - Court Records  
Clerk of the Board  
Communications & Public Information  
Community Development  
Conciliation Court  
Constables  
Correctional Health - Other Activities  
County Attorney - IT Systems  
County Attorney - Prosecution  
County Attorney - RICO  
County Manager's Office  
Economic Development  
Elections - IT Systems  
Elections - Other Activities  
Environmental Health - IT Systems  
Emergency Preparedness  
Facilities - IT Systems  
Facilities - Maintenance  
Finance - Financial Reporting  
Finance - Other Activities  
Finance - Payment Processing  
Housing Department - IT Systems  
Housing Department - Other Activities  
Housing Department - Public Housing  
Human Resource Department - Compensation  
Human Resource Department - IT Systems

Human Resource Department - Other Activities  
Human Resource Department - Payroll  
Information Technology - IT Systems  
Internal Audit  
Justice of the Peace - Cash Management  
Justice of the Peace - IT Systems  
Juvenile Court Services  
Library District - Branch Operations  
Library District - IT Systems  
Medical Examiner - IT Systems  
Medical Examiner - Other Activities  
Non-Departmental - Other Activities  
Planning and Development – Other Activities  
Public Defender - IT Systems  
Public Defender - Other Activities  
Public Fiduciary - IT System  
Public Fiduciary - Other Activities  
Public Health - IT Systems  
Public Health - Other Activities  
Public Works - IT Systems  
Public Works - Other Activities  
Recorder - IT Systems  
Recorder - Public Records  
Risk Management & Fleet Services - Claims  
Risk Management & Fleet Services - IT System  
Risk Management & Fleet Services - Safety  
School Superintendent  
Sheriff - Cash Management  
Sheriff - Patrol  
Sheriff - RICO  
Sheriff - Sheriff/Jail Enhancement  
Strategic Planning & Open Spaces - IT Systems  
Superior Court - Civil Justice  
Superior Court - Court Cash Handling  
Superior Court - Criminal Justice  
Superior Court - IT System  
  
Treasurer - IT Systems  
Treasurer - Tax Services

## Appendix B – Survey and Interview Participants

Name	Title	Department	Survey Participant	Interview Participant
Kevin Cavanaugh	BOS #1	Board of Supervisor	Yes	Yes
Mike Goodman	BOS #2	Board of Supervisor	Yes	Yes
Stephen Miller	BOS #3	Board of Supervisor	Yes	Yes
Jeffrey McClure	BOS #4 Vice-Chairman	Board of Supervisor	Yes	Yes
Jeff Serdy	BOS #5 Chairman	Board of Supervisor	No	Yes
Rebecca Padilla	Clerk	Superior Court	Yes	No
Cathryn Whalen	Public Defense Services	Public Defense Services	Yes	No
Deb Somdahl	Director	Risk Management	Yes	No
Honorable Joseph R. Georgini	Judge	Judicial Branch/Courts	Yes	No
Shawn Flecken	Director	Library	Yes	No
Todd Sweig	Superior Court Administration	Superior Court	Yes	No
Honorable Shaun Babeu	Judge - Precinct 1 Presiding Judge	Justice Courts	No	No
Leo Lew	County Manager	County Manager	No	Yes
Chris Keller	Chief Civil Deputy Attorney	Legal	No	Yes
Mary Ellen Sheppard	Deputy County Manager	County Management	Yes	Yes
Himanshu Patel	Deputy County Manager	County Management	Yes	Yes
Saul Schoon	Director	Adult Probation	Yes	No
Scott DiBiase	Director	Air Quality	Yes	No
Jim Petty	Director	Airport	Yes	No
Audra Michael	Director	Animal Control	Yes	No
Douglas Wolf	Director	Assessor	No	No
Angeline Woods	Director	Budget Office	Yes	Yes
Natasha Kennedy	Clerk	Clerk of the Board	Yes	No
James Daniels	Director	Communications & Marketing	Yes	No
Brent Billingsley	Director	Community Development	No	No
Kent Volkmer	Attorney	County Attorney	Yes	Yes
James Smith	Director	Economic Development	No	No
Kore Redden	Director	Emergency Management	No	No
Geraldine Rolle	Director	Elections	Yes	No
Chris Reimus	Director	Environmental Health	No	No
Hattie Sturgill	Director	Facilities	Yes	No
Randon Riffey	Director	Fleet	Yes	No
Cynthia Valencia	Director	Hearing Office	No	No
Rolanda Cephas	Director	Housing	Yes	No
Robert Stanley	Director	Information Technology	Yes	Yes
Denise Smith	Director	Juvenile Court Services	No	No
John Hu, MD	Medical Director	Medical Examiner	Yes	No
Kent Taylor	Director	Open Space and Trails	Yes	No



Name	Title	Department	Survey Participant	Interview Participant
Kate Milewski	Director	Public Defender	Yes	No
Ernie Appel	Director	Public Fiduciary	Yes	No
Merissa Mendoza	Director	Public Health	Yes	No
Andrew Smith	Director	Public Works	Yes	No
Dana Lewis	Director	Recorder	Yes	No
Jill Broussard	Director	School Superintendent	Yes	No
Mark Lamb	Sheriff	Law Enforcement	No	No
Michael McCord	Treasurer	Treasurer	No	Yes
Matthew Thomas	Deputy	Law Enforcement	No	Yes

## Appendix C – Previous Audits

Audit Reports	Status	Fiscal Year
Airport - Follow Up	Completed	2012-2013
County Assessor	Completed	2012-2013
Clerk of Superior Court - Cash Handling	Completed	2012-2013
Environmental Health - Follow Up	Completed	2012-2013
Facilities - Custodial Follow Up	Completed	2012-2013
Grant Management	Completed	2012-2013
Immigration and Customs Enforcement Contract (ICE)	Completed	2012-2013
Public Fiduciary	Completed	2012-2013
Recorder Transition	Completed	2012-2013
Accounts Payable - Finance	Completed	2013-2014
Adult Probation	Completed	2013-2014
Air Quality	Completed	2013-2014
Correctional Health Services	Completed	2013-2014
Emergency Planning	Completed	2013-2014
One Stop Shop – Impact Fee	Completed	2013-2014
Library District	Completed	2013-2014
Public Health Clinic – Cash Controls	Completed	2013-2014
Superintendent of Schools	Completed	2013-2014
County Attorney Anti-Racketeering Fund	Completed	2014-2015
Information Technology Disaster Recovery	Completed	2015-2016
Jail Enhancement Fund	Completed	2016-2017
Countywide Travel Expense	Completed	2016-2017
Elections Readiness	Completed	2016-2017
Prior Years Audit Follow-Up	Completed	2017-2018
Justice Courts – Cash Management Review	Complete	2017-2018
Information Security (NIST)	Completed	2017-2018
Fleet Services Review	Completed	2017-2018
Grant Management Review	Completed	2017-2018
Silent Whistle Review (Special Project)	Completed	2017-2018
Human Resources Review	Completed	2018-2019
Vendor Contract Management	Completed	2018-2019
Constables Review	Completed	2018-2019
Justice Courts – Cash Management Review Follow Up	Completed	2018-2019
HIPAA Privacy Gap Assessment	Completed	2020-2021
HIPAA Security Gap Assessment / Security Risk Analysis	Completed	2020-2021
BIA phase 1	Completed	2021-2022
Budgeting and Strategic Planning	Completed	2021-2022
Financial Audit Readiness	Completed	2021-2022
Talent Management - Merit Rule Recruitment	Completed	2022-2023

# RISK ASSESSMENT FY23

## RISK ASSESSMENT THEMES

Risk	Notes/Themes
IT Infrastructure	<ul style="list-style-type: none"> <li>• County is currently evaluating a new ERP system</li> <li>• Misalignment between funding received for IT projects vs funding the fast growth of the County</li> <li>• Jerry leaving caused a lot of knowledge loss</li> <li>• Application risk - employees who custom coded application/know how it works no longer with the County</li> <li>• Applications to be moved to the cloud</li> </ul>
Elections Process	<ul style="list-style-type: none"> <li>• 3rd party reviewed elections administrations (Brad Nelson)</li> <li>• Policies and procedures may not be comprehensive</li> <li>• Don't want another public scandal</li> <li>• Want to ensure no issues arise</li> <li>• Need to perform test runs and resolve even minor of issues</li> </ul>
Succession Planning / Leadership	<ul style="list-style-type: none"> <li>• Lack of knowledge within departments</li> <li>• No initiative for building out county wide succession plans</li> <li>• Promoted managers do not know how to manage, need training</li> </ul>
Capital Projects	<ul style="list-style-type: none"> <li>• Lack of planning with roads and homes</li> <li>• County is very reactionary (vs long term strategic plan)</li> <li>• Adjusting the utilization of a departments process to the physical structure of an existing building causes issues</li> <li>• Facilities are in need of major maintenance</li> </ul>

## RISK ASSESSMENT THEMES

Risk	Notes/Themes
Data Governance	<ul style="list-style-type: none"> <li>• Data is not collected by individual departments</li> <li>• County management and BOS not sure where departments stand/their progress due to lack of data</li> <li>• Little to no use of meaningful data even in the existence of data collection</li> </ul>
Constituent Relations	<ul style="list-style-type: none"> <li>• Communication to Pinal County constituents is not robust in providing information timely, efficiently, and effectively.</li> <li>• Hurting constituents with certain regulations (RV, permits take a long time, etc.)</li> <li>• Inconvenient accessibility</li> <li>• Slow response to constituents</li> </ul>
Community Development	<ul style="list-style-type: none"> <li>• 3rd party reviewed</li> <li>• Processes need to be streamlined – several instances when it has taken a long time for permitting</li> <li>• Hiring people with minimal skills and business professionalism</li> </ul>
Policies and Procedures	<ul style="list-style-type: none"> <li>• Policies are outdated countywide</li> <li>• Need more access to policies (software/hardware)</li> </ul>



AGENDA ITEM

September 26, 2023 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

---

**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:** AUDIT COMMITTEE

**Director:** AUDIT COMMITTEE

---

**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Discussion/approval/disapproval of Internal Audit Plan FY24-26

---

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

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**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

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**MOTION:**

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History	Who	Approval
Time		

---

**ATTACHMENTS:**

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☐ [Presentation](#)

# INTERNAL AUDIT PLAN UPDATE

## INTERNAL AUDIT FY24-26 PLAN

Ranking	Risk Focus	FY 2023-2026 Proposed Audits	Estimated Timing
1	IT	ERP Assistance	TBD
2	IT/Operational	Data Governance Audit	2025 Q2
3	Operational	Elections 3 <sup>rd</sup> Party Follow Up	2024 Q3
4	Operational	Community Development 3 <sup>rd</sup> Party Follow Up	2024 Q4
5	Operational	Constituent Relations and Service Delivery Model	2025 Q1
6	Various	Mid Cycle Risk Assessment Update	2025 Q2
7	Operational	Capital Projects Review	2025 Q3
8	IT	Business Impact Analysis (BIA) follow up	TBD
9	Operational	County-wide Succession Planning Governance	2026 Q2
10	Operational	Fleet Services Analytics	2026 Q3
11	Various	Full Risk Assessment	2026 Q4
12	Various	Prior Year Audits Follow-Up / Ad Hoc Audit Request	2024 - 26 Q4





AGENDA ITEM

September 26, 2023 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

---

**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:** AUDIT COMMITTEE

**Director:** AUDIT COMMITTEE

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**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Discussion and update on Silent Whistle.

---

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

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**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

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**MOTION:**

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History	Who	Approval
Time		

---

**ATTACHMENTS:**

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# SILENT WHISTLE

## 2022-23 SILENT WHISTLE

Month	Personnel	Process/ Operations	Financial	Fraud	Other	Non- Actionable	Open Issues
July	0	0	0	0	0	2	0
August	0	0	0	0	2	2	0
September	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0
November	0	0	0	0	0	2	0
December	0	0	0	0	0	0	0
January	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0
April	0	0	0	0	0	2	0
May	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>8</b>	<b>0</b>



AGENDA ITEM

September 26, 2023 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

---

**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:** AUDIT COMMITTEE

**Director:** AUDIT COMMITTEE

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**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Discussion of Board Members and/or Staff requests for future agenda item(s) to be presented at upcoming meetings.

---

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

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**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

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**MOTION:**

---

History	Who	Approval
Time		

---

**ATTACHMENTS:**

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No Attachments Available



AGENDA ITEM

September 26, 2023 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

---

**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:** Clerk of the Board

**Director:** Natasha Kennedy

---

**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Meeting Notice of Posting

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**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

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**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

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**MOTION:**

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History		
Time	Who	Approval

---

**ATTACHMENTS:**

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☐ [Notice of Posting](#)



# PINAL COUNTY

WIDE OPEN OPPORTUNITY

## AUDIT COMMITTEE NOTICE OF POSTING

STATE OF ARIZONA

COUNTY OF PINAL

I, Natasha Kennedy, in my position as Clerk of the Board, I am responsible for posting all Audit Committee Agendas.

Pursuant to A.R.S. 38-431.02 notice is hereby given that the Pinal County Audit Committee will hold a Meeting on Tuesday, September 26, 2023 at 12:00 p.m. in the Ironwood Conference Room, 1891 Historic Courthouse, located at 135 N. Pinal Street, Florence, Arizona 85132.

**Note:** One or more members of the Committee may participate in this meeting by telephonic conference call.

I hereby certify that I caused to be posted this Thursday, September 21, 2023, around 11:00 AM the Meeting Agenda, and Executive Session at the following locations:

1. Website Notices [www.pinal.gov](http://www.pinal.gov) under Agendas & Minutes and Internal Audit.
2. A kiosk located outside the front entrance to the 1891 Historical Courthouse, Administrative Complex Building, 135 N. Pinal Street, Florence, AZ 85132

**WITNESS** my official signature and corporate seal of Pinal County, Arizona this 21<sup>st</sup> Day of September, 2023.



  
Natasha Kennedy  
Clerk of the Board

CLERK OF THE BOARD OF SUPERVISORS

1891 Historic Courthouse | 135 North Pinal Street | P.O. Box 827 | Florence, AZ 85132 | T: 520-866-6068

[www.pinal.gov](http://www.pinal.gov)  
Page 78