

## Pima County

### Annual financial statement and compliance audits

The County's fiscal year 2022 reported financial information is reliable. However, we reported deficiencies in the County's processes for evaluating changes to executive management employment terms and ensuring appropriate County governance, and for verifying changes to vendor information to prevent vendor payment fraud. We also reported noncompliance over federal programs. These are summarized on the next page.

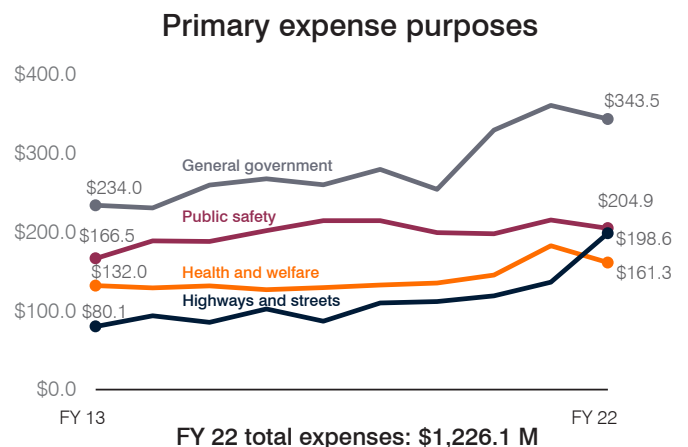
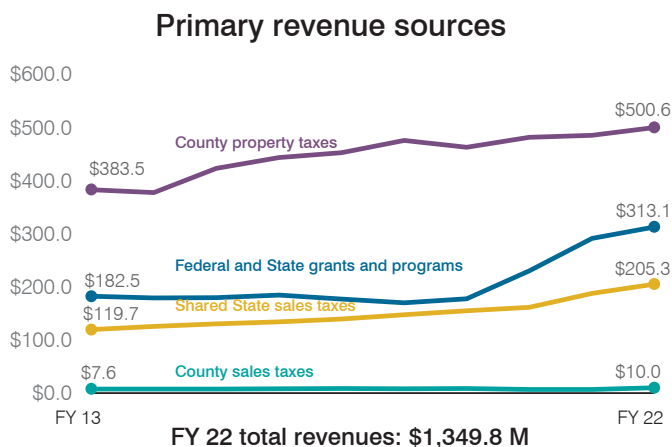
#### Audits' purpose

To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

#### Primary revenue sources and how they were spent

##### Fiscal years (FY) 2013 through 2022

(In millions)



Source: Auditor General staff summary of information obtained from the County's financial statements.

#### Largest primary revenue sources FY 2022

- **County property taxes 37.1%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.
- **Federal and State grants and programs 23.2%**—Includes federal and State government grants and programs awarded as assistance to the County and its residents, including highway user tax revenues for authorized transportation purposes.

#### Largest primary expense purposes FY 2022

- **General government 28.0%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety 16.7%**—Costs for protecting the County's persons and property with the largest portion for County jail operations, County Sheriff's office services, probation services, and Flood Control District operations.

#### County's net position increased in FY 2022

County revenues were \$123.7 million greater than its expenses, increasing total net position to \$2,406.4 million at June 30, 2022. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations, long-term debt, and accounts payable. None of this net position is unrestricted, meaning some is not in spendable form, and the rest is restricted by external parties.

## Auditor findings and recommendations

Summarized below are our findings and recommendations included in the County's [Report on Internal Control and on Compliance](#) and [Single Audit Report](#) where there is further information and the County's responses. The County needs to:

- Enforce its policy requiring the County Administrator to provide 90 days' notice to the Board of Supervisors of the intent to retire and return to work, as well as requiring the Board to enter into and approve any new employment contract upon the County Administrator's returning to work after retirement. We found that the County's former top administrator retired and exercised a return-to-work clause in his employment contract without informing the Board. This impacted the Board's ability to effectively assess operational impact and make decisions about the County's executive management workforce to ensure appropriate County governance.
- Ensure its Procurement Department trains its employees on County policies and procedures requiring them to obtain a vendor's IRS W-9 form and perform verification procedures to authenticate vendor changes, such as bank account routing numbers, are from a valid vendor email and are authorized by the vendor prior to making them. Further, the Department needs to implement system controls to log, monitor, and alert appropriate personnel of changes to sensitive information on its vendor self-service portal system, such as changes to bank account routing numbers, so that the changes can be verified prior to processing payments. We found that the Department's lack of verification over vendor information changes allowed public monies totaling \$42,739 to be stolen by fraudsters and would have allowed another \$4 million to be stolen had the bank not alerted the County.
- Ensure its Grants Management and Innovation Department evaluates the substance of federal award agreements to determine whether each of the other parties the County awards federal monies to has the role of a contractor or subrecipient and is required to comply with any of the program's requirements. Further, the Department needs to follow County policies and procedures requiring it to monitor subrecipients and their compliance with federal award terms and program requirements. We found that the Department awarded \$1.6 million of federal Emergency Food and Shelter National Board Program monies to 1 of 2 subrecipients during the year without performing the required monitoring of the subrecipient's activities or of its compliance with federal award terms and program requirements.

## Auditor General website report links

- The June 30, 2022, Pima County Annual Comprehensive Financial Report, Report on Internal Control and on Compliance, and Single Audit Report that are summarized in these highlights can be found at this [link](#). These reports should be read to fully understand the County's overall financial picture and our reporting responsibilities.
- The County's reports from prior years are available at this [link](#).
- For help in understanding important information presented in these reports, please refer to our user guides at the following links:
  - [Financial Report User Guide for State and Local Governments](#).
  - [Internal Control and Compliance Reports User Guide](#).