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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

March 31, 2010

The Honorable Judy Burges, Chair
Joint Legislative Audit Committee

The Honorable Thayer Verschoor, Vice Chair
Joint Legislative Audit Committee

Dear Representative Burges and Senator Verschoor:

Our Office has recently completed a 6-month followup of the Gila County Transportation Excise Tax regarding the implementation status of the 13 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in June 2009 (Auditor General Report No. 09-06). As the attached grid indicates:

- 2 have been implemented;
- 1 is in the process of being implemented;
- 1 has not been implemented;
- 6 are not yet applicable; and
- 3 are no longer applicable.

Our Office will conduct an 18-month followup with the County on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Melanie M. Chesney, Director
Performance Audit Division

MMC:sjs
Attachment

cc: John Nelson, Interim County Manager
Gila County, Arizona

GILA COUNTY TRANSPORTATION EXCISE TAX

Auditor General Report No. 09-06

6-Month Follow-Up Report

Recommendation	Status/Additional Explanation
Finding 1: County has taken steps to better demonstrate tax's impact	
1.1 To better demonstrate the excise tax's impact on solving transportation problems, the County should continue to work toward tracking excise tax expenditures separately from other Road Fund expenditures using its newly implemented accounting system.	Implemented at 6 Months
Finding 2: Last audit identified inappropriate expenditures, but new county policy has largely corrected these problems	
2.1 The Division should work with the County Attorney to determine whether the food, drinking water, and over per diem purchases were appropriate uses of Road Fund monies.	Implemented at 6 Months The County Attorney reviewed the food, drinking water, and over per diem expenditures and determined that these expenditures were appropriate uses of Road Fund monies as these expenditures were for individuals who were engaged in county business. Further, according to the County, although some of these purchases may have violated county policies, the policies allow the county manager to authorize exceptions, and as he was aware of them, he did so implicitly.
2.2 If it is determined that any Road Fund monies were spent inappropriately, the County should:	
a. Determine the magnitude of monies spent inappropriately;	No Longer Applicable See explanation for 2.1.
b. Work with the County Attorney to determine whether any of the expenditures violated Arizona's Constitution; and	No Longer Applicable See explanation for 2.1.
c. Work with the County Attorney to determine how to reimburse the Road Fund.	No Longer Applicable See explanation for 2.1.

Recommendation

Status/Additional Explanation

2.3 To ensure that the Road Fund monies are spent according to statutory and constitutional requirements, the Public Works Division should:

- a. Work with the County Attorney to update the Approved Highway and Street Expenditures Policy to more clearly identify appropriate Road Fund expenditures, such as when it is appropriate to purchase food using Road Fund monies;
- b. Obtain the County Board of Supervisors' approval for any changes to the policy;
- c. Train employees on the updated policy; and
- d. Ensure the policy is followed.

Not Implemented

The County reported that it will update the Approved Highway and Street Expenditures policy after the county-wide travel policy has been updated.

Not Yet Applicable

Implementation is contingent upon the implementation of 2.3a.

Not Yet Applicable

Implementation is contingent upon the implementation of 2.3a.

Not Yet Applicable

Implementation is contingent upon the implementation of 2.3a.

2.4 To ensure that county employees have proper guidance related to travel, the County should:

- a. Work with the County Attorney to update its travel policy to ensure that it reflects current approved practices and contains proper controls and guidance;
- b. Obtain the County Board of Supervisors' approval for any changes to the policy;
- c. Train employees on the updated policy; and
- d. Ensure the policy is followed.

Implementation in Process

The County reported that the Board Administration Office is in the process of reviewing the county-wide travel policy. However, the County did not provide a copy of the policy in draft form, so it is unclear what changes the County plans to make to the policy.

Not Yet Applicable

Implementation is contingent upon the implementation of 2.4a.

Not Yet Applicable

Implementation is contingent upon the implementation of 2.4a.

Not Yet Applicable

Implementation is contingent upon the implementation of 2.4a.