



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

January 31, 2011

The Honorable Rick Murphy, Chair
Joint Legislative Audit Committee

The Honorable Carl Seel, Vice Chair
Joint Legislative Audit Committee

Dear Senator Murphy and Representative Seel:

Our Office has recently completed an 18-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- 3 are no longer applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the County's efforts to implement the recommendations from the June 2009 performance audit report.

Sincerely,

Dale Chapman, Director
Performance Audit Division

DC:sjs
Attachment

cc: Don E. McDaniel, Jr., County Manager
Gila County, Arizona

GILA COUNTY TRANSPORTATION EXCISE TAX

Auditor General Report No. 09-06

18-Month Follow-Up Report

Recommendation	Status/Additional Explanation
----------------	-------------------------------

Finding 1: County has taken steps to better demonstrate tax’s impact

<p>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.</p>	<p>Implemented at 6 months</p>
---	---------------------------------------

Finding 2: Last audit identified inappropriate expenditures, but new county policy has largely corrected these problems

<p>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.</p>	<p>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.</p>
--	---

<p>2.2 If it is determined that any Road Fund monies were spent inappropriately, the County should:</p>	
<p>a. Determine the magnitude of monies spent inappropriately;</p>	<p>No longer applicable See explanation for 2.1.</p>
<p>b. Work with the County Attorney to determine whether any of the expenditures violated Arizona’s Constitution; and</p>	<p>No longer applicable See explanation for 2.1.</p>
<p>c. Work with the County Attorney to determine how to reimburse the Road Fund.</p>	<p>No longer applicable See explanation for 2.1.</p>

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 in February 2011.

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 new County Manager and new Finance Director have been working to revise the County's operating procedures. This includes revisions to the County's travel policies. The County reported that it intends to have these policies completed and approved by the County Board of Supervisors by the end of February 2011.

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.
